

MANAGEMENT METHODS

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APRIL 1957

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PRACTICAL SOLUTIONS TO ADMINISTRATIVE PROBLEMS



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ANN ARBOR MICH
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Casualty Co., Cedar Rapids, Iowa

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Look before you leap to the suburbs *page 41*

NATIONAL SECRETARIES WEEK, APRIL 21-27



Generalaire No. 1960F
in Suede Brown.

Generalaire.

in your choice of decorator colors

42 smartly-styled models, efficiently designed and sturdily built for a business lifetime of wear

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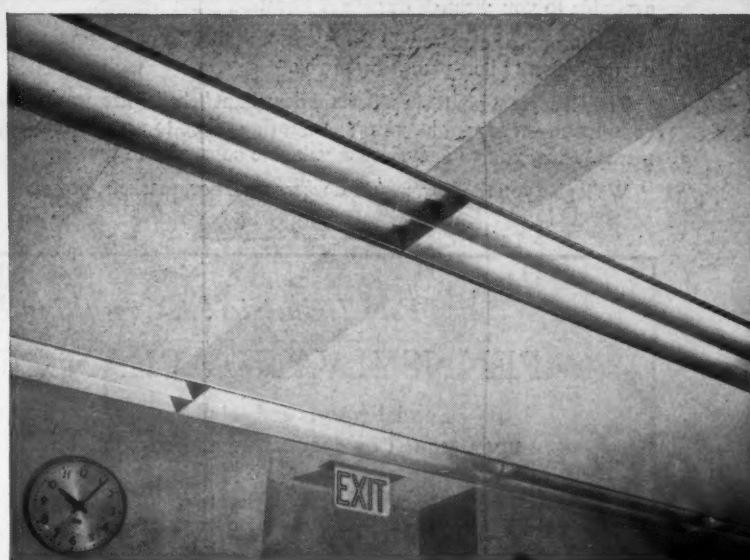
American Hardware Mutual Insurance Company, Minneapolis, Minnesota. Ceiling installation is of Acousti-Celotex Celotone* Incombustible Fissured Mineral Fiber Tile. Architects: Thorshov & Cerny, Inc. Acousti-Celotex Contractor: Insulation Sales Company.

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"Plant" your business in Pennsylvania and prosper!

(Circle number 101 for more information)

MANAGEMENT METHODS

MANAGEMENT METHODS

APRIL 1957 • VOLUME 12 No. 1

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business furniture!



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MANAGEMENT METHODS

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Policy re manuscripts: The object of MANAGEMENT METHODS is to offer practical solutions to administrative problems. For that reason we never highlight a problem without offering at least a partial solution or a recommended course of action. Whenever possible, we like to offer the reader something he can do right now to correct a procedure or solve a problem in his business.

Much of our editorial material comes from business and management specialists, as well as from active businessmen, at all levels of management. We endeavor to return all manuscripts. However, we assume no responsibility for material not specially requested by us.

MANAGEMENT METHODS

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A memo from Arthur Genet...



From: Arthur Genet, Pres. Greyhound Corp..
To: Henry Bruner, Pres. Greyvan Lines

Subject: GREYVAN service

I am afraid that when I moved from Cleveland to Chicago last year, I was not as much impressed as I should have been by the efficient way everything was handled and the courtesy and consideration shown by the movers.

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Since then I have been delighted to learn that what I got was the standard service accorded every Greyvan customer.

I think you can well be proud of the friendly, intimate service offered by your Greyvan organization -- just as I am proud that Greyvan is an intimate part of Greyhound.

Arthur



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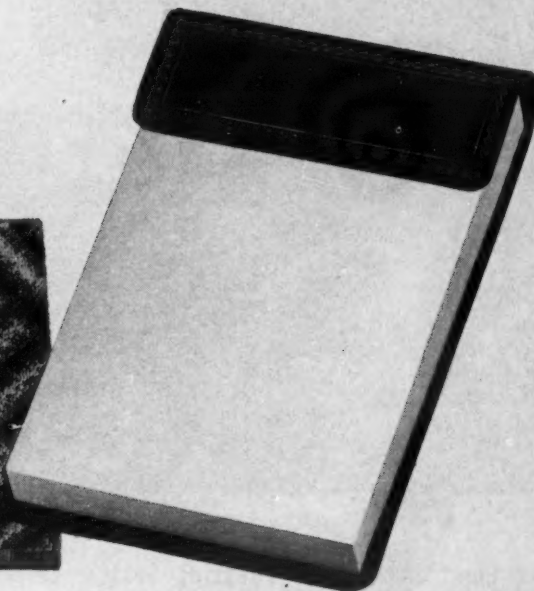
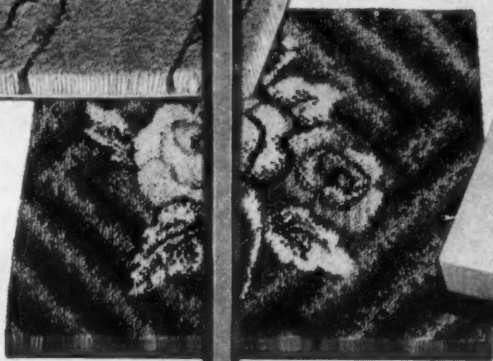
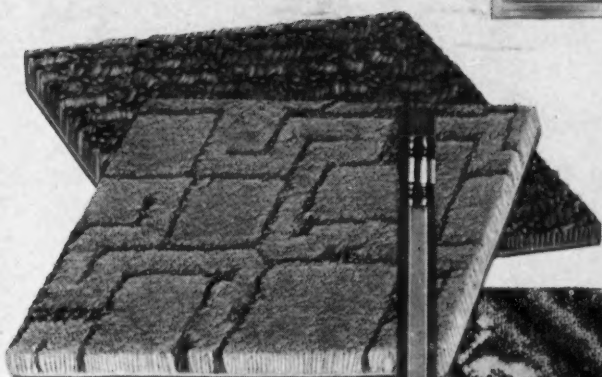
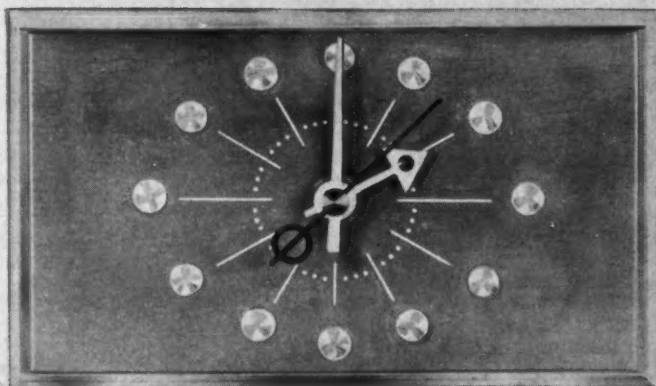


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For more information
on the newest and finest
in movable walls today
write for the 1957 Mills Catalog



don't
waste
one
minute



**PICK
UP
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MAKE
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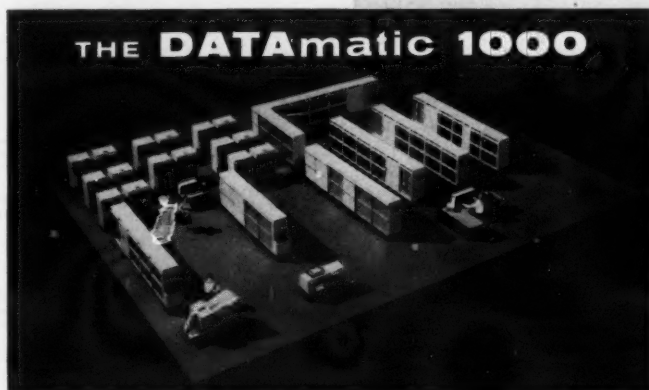
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APRIL 1957

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will process
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production
schedules
in 1 hour a day!

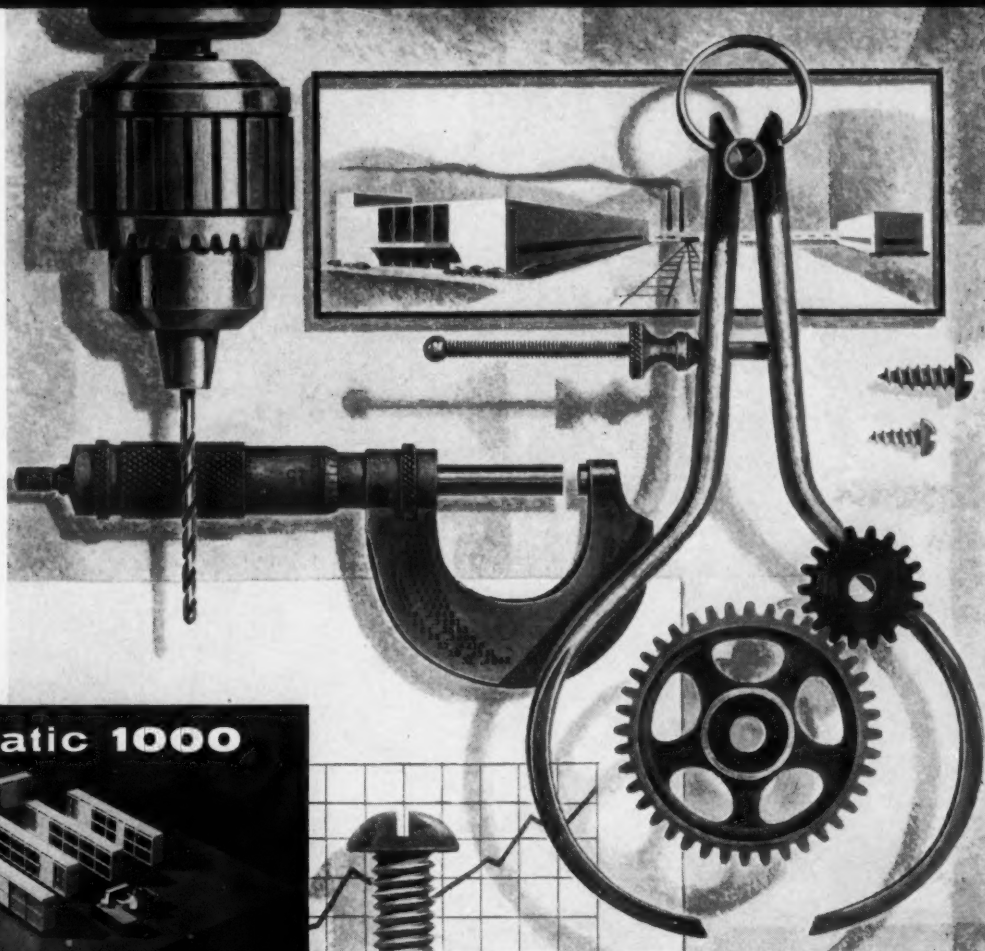


This new Electronic Data Processing System solves the paperwork problems of large-scale business —

LARGE MANUFACTURER. The DATAmatic 1000 will compute and integrate production schedules and maintain inventory records for 100,000-unit weekly output (involving 8,000 basic types of devices and 15,000 part numbers) . . . compute payroll for 14,200 employees . . . perform labor distribution accounting for 8,000 production workers. *Sample performance:* Process complete production schedules in less than 1 hour a day!

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LEADING BANK. The DATAmatic 1000 will update 700,000 stockholder records, 100,000 deposit accounting records, 8,500 personal trust records and 65,000 install-



ment loan accounts daily. *Sample performance:* Post an average of 4,000 daily changes into 700,000 stockholder records in less than 1 hour!

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Your organization may well find the DATAmatic 1000 ideal for cutting the costs of office processing work . . . and for providing management with accurate, up-to-the-minute reports on which to base daily decisions. Courses of instruction and programming are now available to help you determine its merits. If you are considering any large-scale data processing program, you will want to investigate the DATAmatic 1000. Our applications engineers will be glad to discuss it with you in complete detail.

DATAmatic 
CORPORATION

151 Needham Street • Newton Highlands 61, Massachusetts

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When you air condition, do it right!

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It's a truly automatic and sensitive operation that *matches air conditioning to individual needs*.

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Address _____

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APRIL 1957

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McBEE

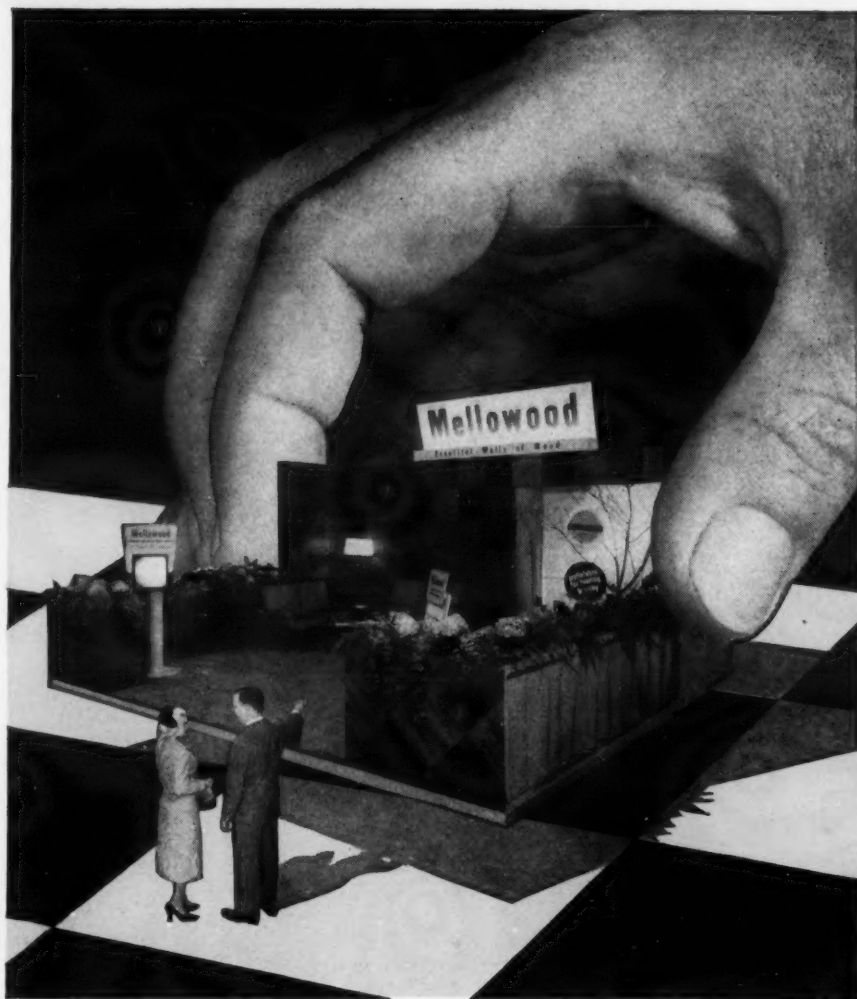


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MOVING TIP FOR BUSY EXECUTIVES:

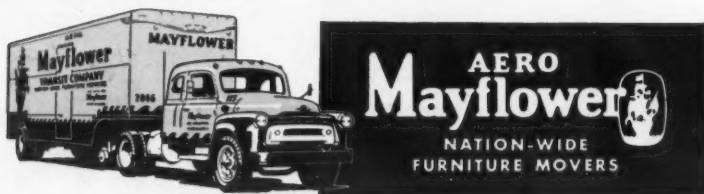
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point and counter point

LETTERS TO THE EDITOR

Selecting a consultant

SIR: Your article, "How to select a management consultant," in the February 1957 edition of *MANAGEMENT METHODS* is certainly an excellent one.

We are considering distribution of this article to our staff members if it is available. . . .

F. J. SHORT
BOOZ, ALLEN & HAMILTON
CHICAGO

■ Reprints of this important article are still available. Requests for copies should be addressed to the editor. Hundreds of *MM* readers have already requested reprints. In fact, the response to this article was heavier than for any other feature ever published in this magazine. This response is significant for two reasons. First, it indicates a high level of interest in the use of management consultants. Second, it disproves the widely held belief that business executives won't take time to read a long article (this was the longest article ever published in *MANAGEMENT METHODS*). Following is a sampling of the comments received.

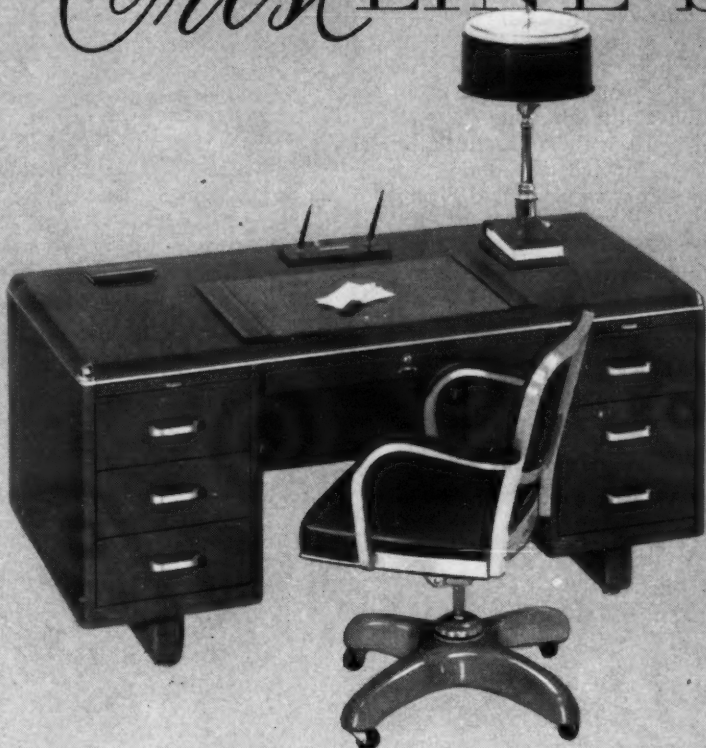
EDITOR

SIR: You were completely justified in devoting all the space required by the article by Harold B. Maynard titled "How to select a management consultant."

As relatively new members of this profession, we agree with Mr. Maynard's point of view entirely. As a new firm we do not, as yet, have the requirements necessary for admission to the Association of Consulting Management Engineers, *i.e.* we have not been in the business long enough. We do, however, subscribe completely to the code of ethics established by ACME. We are convinced that all management or engineering consultants, large or small, members or not, must regard this code as the minimum criteria for their relations with clients.

We felt that Mr. Maynard has a good argument in stating the case for the large firm. However, he may be guilty of oversimplification when he avers that the specialized firm tends to broaden the scope of its services as time goes on, etc., and that the

Crest LINE bespeaks leadership

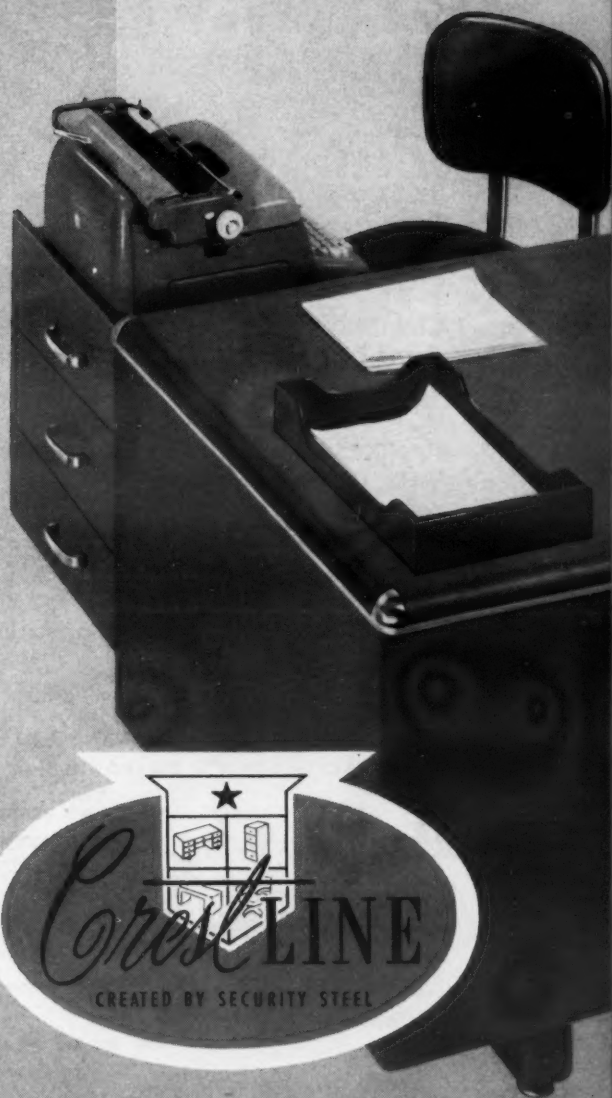


Appraise the men who have chosen Crestline (for both executive suite and general work areas) and you will understand why this superb line of steel office equipment is so often the choice of men of sound judgment.

For there is inherent in Crestline, a basic soundness, outstanding design and unique features which place it in a class by itself.

From the smallest drawer-lock to overall design, Crestline bespeaks the leadership of men and companies who have arrived.

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SECURITY STEEL EQUIPMENT CORPORATION, AVENEL, NEW JERSEY

question of the broad service versus the specialized service is not very important.

Management consultants are, in a sense, physicians to their clients. Although a general practitioner broadens his abilities through years of practice, he cannot replace the specialist when the area of inquiry or need requires the unique knowledge and experience of the specialist.

We feel the printing of this article is a contribution to establishing an understanding between prospective client and consultant by providing some sort of yardstick to measure

both the problem and the vehicle which will provide the answer. . . .

JOHN LESSER
EXECUTIVE VICE PRESIDENT
KARP, LESSER & CO., INC.
NEW YORK CITY

SIR: Your article . . . impressed me very much as one of the best accounts of this subject. Among my students in a course in business administration at the graduate level are mature men with responsibilities which often involve considering the use of consultant services, and I know

that they would be most grateful for an opportunity to discuss this article and benefit from it. . . . If there is any possibility that copies can be made available . . . to my students in business administration, I should be most appreciative. . . .

DR. NATHANIEL STEWART
SCHOOL OF ENGINEERING
THE GEORGE WASHINGTON UNIVERSITY
WASHINGTON, D. C.

SIR: Mr. Maynard's article . . . is certainly the most illuminating writing on the subject that we have read to date.

H. O. HUGHES
HUGHES-HEADRICK & ASSOCIATES
HATTIESBURG, MISS.

Torn to pieces

SIR: We just want to [say] how much we enjoy your magazine and what a help it has been to us. After reading, we literally "tear it to pieces" and send the articles to the various departments to which the subject matter applies.

L. D. COFFMAN
PERSONNEL MANAGER
CLA-VAL CO.
NEWPORT BEACH, CALIF.

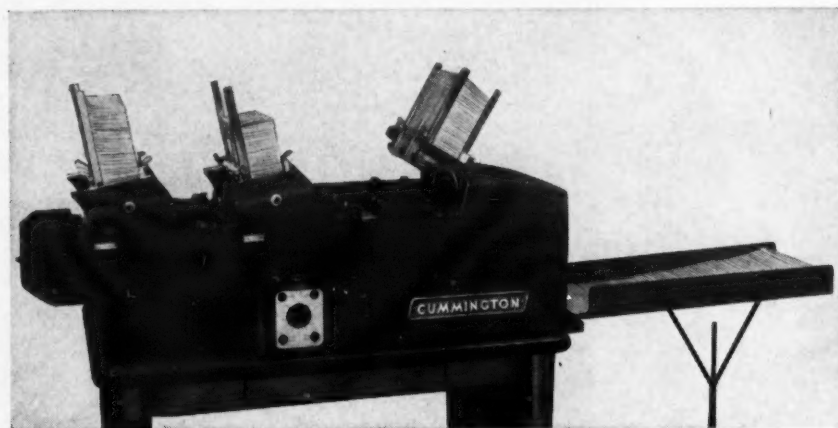
■ **MANAGEMENT METHODS** is designed to be treated in just this way. Each article is written with our top management audience in mind, but many of the articles are also aimed at problems that may be dealt with at lower management levels, on the assumption that such material will be passed along by our top management readers. Every article contains at least a partial solution to a management problem—something the executive can do right now to improve his company's operations. Thus, although many companies find it profitable to retain back issues of **MANAGEMENT METHODS** in their libraries, the real profit comes from putting each issue to immediate use—by reading it yourself, then making certain the appropriate staff people receive and read the various articles.

EDITOR

Publicity reprints

SIR: I read with a great deal of interest the article entitled, "How to use publicity as a sales tool" [MM, Jan. 57]. I found the article very informative and thought provoking.

There is one word of caution, however, that I think should have been brought out, and that is the fact that magazines very often have a policy against permitting reprints of publicity



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COSTS LESS TO BUY — LESS TO OPERATE. Buy only as many stations as you need for your system. The Cummington Mail Inserter is available in one through six station models and is priced according to number of stations. Can pay for itself within a year.

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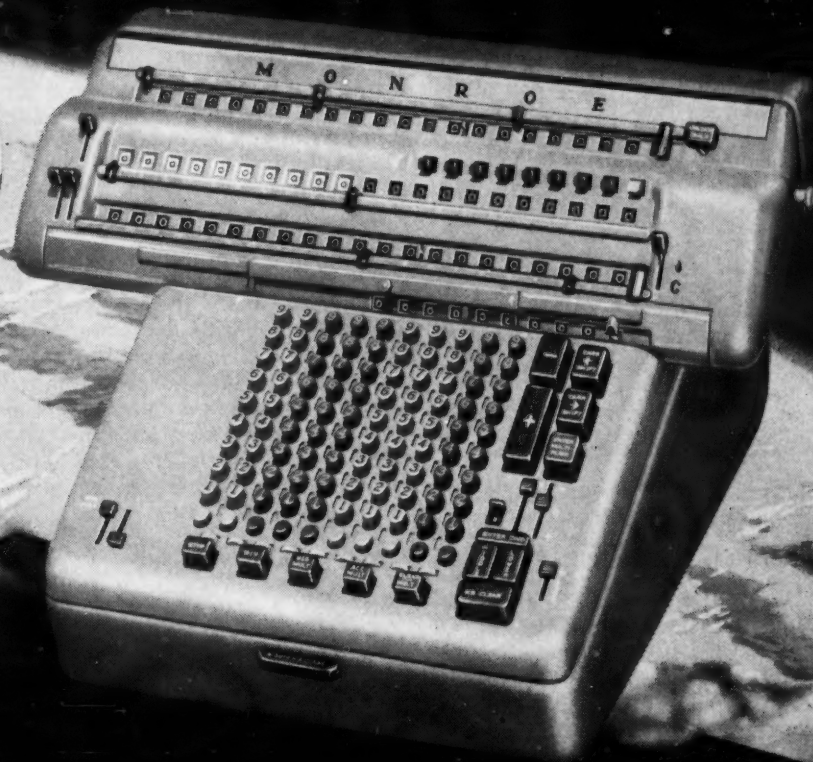
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**AUTOMATION
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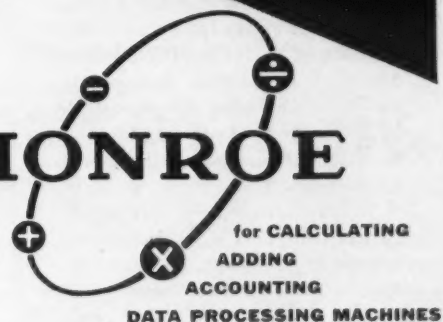
**Monroe AUTOMATION is "down to earth"
on the desks of...**



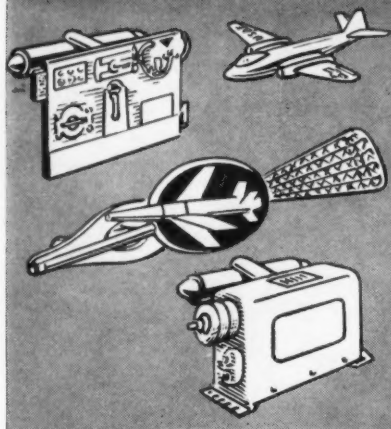
Top American companies like these are ever on the alert to benefit from improved methods and equipment. Today in their offices Monroe Automation is setting new speed standards for figurework. The amazing new Monro-Matic® Duplex Calculator answers several problems simultaneously. It actually adds as it multiplies, adds as it divides, and by storing individual answers, automatically eliminates the time-consuming addition or subtraction of results when the final answer is needed.

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Miniatures of your product on practical jewelry creations offer recognition that's always selling. We would like to show you what we can do with your product. Why not write us today?

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(Circle number 114 for more information)

TO EXECUTIVES

Who are "Thinking California"

If your expansion plans include consideration of a California plant, you will find the Factfile and Data Sheet service now available through the Metropolitan Oakland Area (Alameda County) of value. It consists of a special File Folder and Data Sheets on such basics as Climate, Markets, Transportation, Distribution, Living Conditions and Labor Supply.

Data Sheets are supplemented by an outline of specific information available through Special Reports compiled from the Industrial Survey maintained by the area. New Data Sheets are issued from time to time. As new information develops, Data Sheets are revised to bring them up to date and mailed to those who have the Factfile.

To take advantage of this free information service, address your request to: Alameda County New Industries Committee, Suite A, 1320 Webster Street, Oakland, California.

(Circle number 115 for more information)

for sales purposes and other reasons.

Mr. Ruder and Mr. Finn suggest that publicity articles be merchandised through reprints to be distributed to dealers, distributors, etc. Can this be accomplished without first obtaining the approval of the periodical? Clarification of this issue would be very important.

ELMER L. WINTER
PRESIDENT
MANPOWER, INC.
MILWAUKEE

■ Mr. Winter brings out a significant point. Publishers definitely have an interest in how their articles are reprinted and how such reprints are used. For one thing, there is the question of copyright; before any copyrighted material is reproduced, written permission should be obtained. Further, there is the question of a publisher's editorial integrity; any magazine has the indisputable privilege of stipulating how reprints of its material can and cannot be used. Most publishers are willing to cooperate on reprint requests for legitimate purposes. Many will willingly assist in producing the reprints. Problems seldom develop when the publisher is given common consideration and courtesy.

EDITOR

Profile

SIR: Your article "Profile of a New Kind of Manager," Shannon of Servomechanisms, which appears in the January 1957 issue of *MANAGEMENT METHODS* is extremely stimulating and valuable. It certainly reflects your published policy of offering practical solutions to administrative problems. You have our sincere compliments on an excellent presentation.

Would you assist us to fully utilize this contribution you have made? We would like to place this article in the hands of our key people as a ready tool in the solution of many problems which are similar to those considered in the article. For this purpose we would appreciate having 10 reprints of this article.

Thank you again for a definite contribution to modern management.

H. E. WEYRAUCH
THE MAICO CO., INC.
MINNEAPOLIS

■ All of the Profile articles which have been appearing in *MANAGEMENT METHODS* since September 1956 have been reprinted and most of these are still available. Prices are as follows: single reprints, \$1.00; five reprints, \$2.50; six to 99, 40 cents each; and 100 or over, 35 cents each.

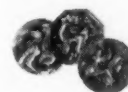
EDITOR



THE WORLD'S MOST HONORED
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We have prepared a comprehensive brochure of value to any organization planning a length-of-service, retirement, sales incentive or other awards program. To receive this booklet, fill in and mail the coupon below, or write for it on your business letterhead. Our plan includes service facilities of your local Longines-Wittnauer Jeweler Agency.

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MANAGEMENT METHODS



An actual office "case":

3 days work for just two hours pay!

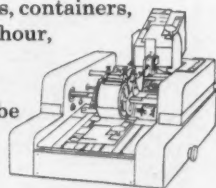
*Three girls used to spend a full day counting
and imprinting cards. Now ONE girl
does the job with a Tickometer—in two hours!*



- The Tickometer can mark, stamp, date, cancel or code up to 1,000 items a *minute*—eight times faster than a girl can work by hand. Used on forms, tickets, coupons, cards, tags or product labels, it is an enormous time saver. With an optional accessory, it signs checks, etc., at the same speed. And has innumerable applications.
- The Tickometer also *counts* at the same time; can be set to stop at a predetermined count, or to register partial totals. And it's so accurate, banks use it to count currency!
- Easy to use, the Tickometer doesn't require a skilled operator. Even with infrequent use, it more than pays its cost in extra efficiency, convenience and time saved!
- You can rent or buy the Tickometer. Pitney-Bowes service available from 297 cities, coast to coast. Ask the nearest PB office to show you what the Tickometer can contribute to your office. Or send coupon for free booklet and case studies (including the "case" above).

New Package Imprinter

Imprints folding cartons, containers, bags, etc. up to 7,500 an hour, as needed—reducing inventories and waste. No tools required, can be operated by anybody. Ask for demonstration, or send coupon.



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*A message from the maker of the fully automatic
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and the 10-key Natural Way Adding Machine*

Today the Friden Street Story is IDP *type-talk* machines

IDP — Integrated Data Processing — is one automatic Friden office machine talking to another...and another and another... in a code language common to them all...straight through from data origination and interpretation to final filing.

It is the functional flow of *punched tape* giving and taking orders. Tape enables even small and medium-size businesses to automatize repetitive figure-work routines...eliminating human errors and reducing time costs hugely.

Friden is the leader in this new era of office efficiency because Friden creates the Tape-Talk machines that make possible the new automated systems. Only a few of these machines can be presented here. Many more Friden Tape-Talk units are available to meet specialized data integration needs. Individually, or as part of a system, each machine quickly pays for itself.

To see for yourself how Friden IDP works—beginning with the famed Friden Calculator and Adding Machine—call your nearby Friden agency or write FRIDEN CALCULATING MACHINE Co., INC., San Leandro, California . . . sales, instruction, service throughout U.S. and world

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Friden

MANAGEMENT METHODS

Some typical job routines Friden Tape-Talk machines process automatically: Invoices . . . sales orders . . . shipment manifests . . . inspection reports . . . time cards . . . package tags and tickets. Whatever your problem, ask Friden!

Friden Creates A New World For Business

Friden Add-Punch®

is the 10-key adding and listing machine with tape punch mechanism. A key IDP unit, the Add-Punch "writes" punched tape while printing on adding machine tape. The punched tape can be interpreted by other similarly-equipped machines. Typical Add-Punch functions include recording of retail sales, sales audit, production and inventory control, and coding statistical data.

Friden Flexowriter®

. . . enables even small and medium-size businesses to make their accounting automatic. Whatever is typed on a Flexowriter—an invoice, for example—is also reproduced on by-product punched tape. Tape can then be processed by other common language Tape-Talk machines at nearest IDP center. Flexowriter tape can also be used to actuate address plate embossing machines, tabulating card punches, computers, same or other Flexowriters.

Friden Computyper®

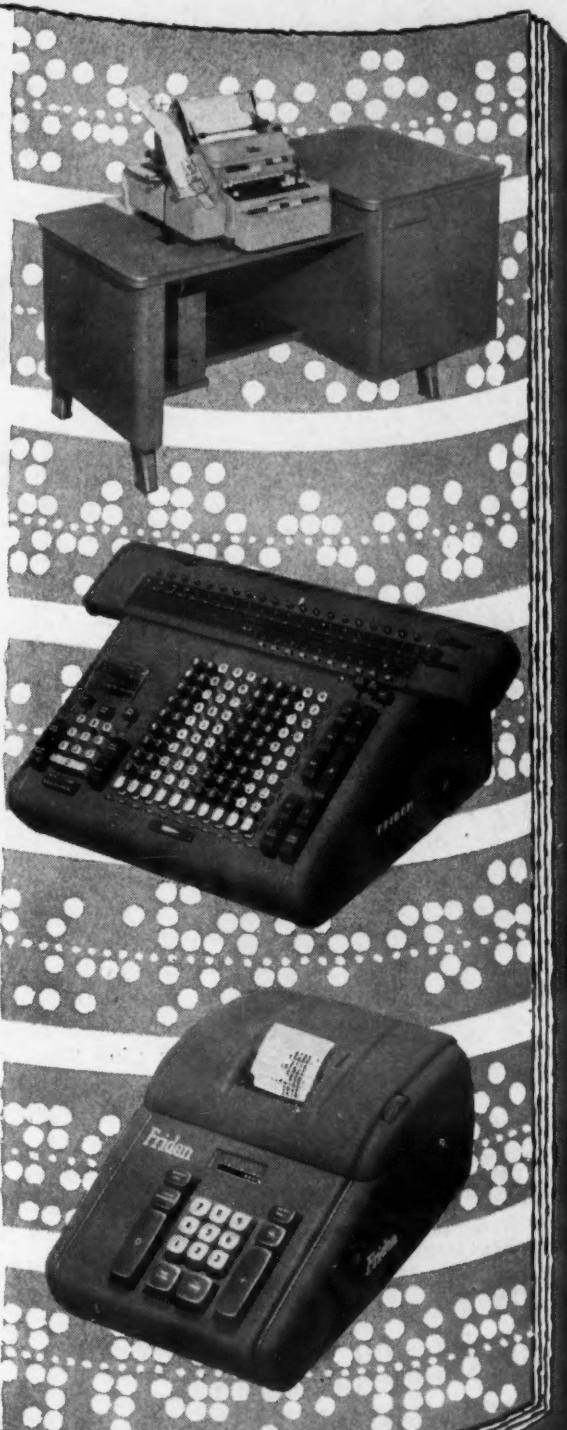
is an IDP machine combining automatic writing and automatic calculating. Equipped with automatic tape punch and reader, it interprets and records both alphabetical and numerical data. Produces tape enabling other machines to transfer data to punched cards or accounting records; or data may be sent by wire to other offices. The Friden Computyper is widely used to systemize billing, inventory, cost analysis, sales distribution, statistics, other typing-computing operations.

Friden fully automatic Calculator

is the essential programmer in many IDP systems. Operating alone or in combination with other automatic machines, this famed Calculator performs more steps in figure-work *without operator decisions* than any other calculating machine ever developed.

Friden Natural Way Adding Machine

has 10-key patented keyboard, Visible Check window for accuracy. Models are available with or without automatic step-over of multiplicand. Specialized adaptations of the Friden Adding Machine actuate or are actuated by IDP machines.



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WHAT THEY SAID

A REVIEW OF CURRENT SURVEYS

Firms benefit using foremen on contract negotiating team

Less than three out of ten companies permit foremen to sit in on union contract negotiations. Yet those firms that do follow this practice realize considerable value from it.

This is the finding of a survey conducted by the National Industrial Conference Board on the role of foremen in collective bargaining.

Paradoxically, all but eight of 213 companies queried encourage foremen to submit ideas for union contract changes, based on the foremen's experience in living with the contract. Firms reported that foreman suggestions are extremely helpful—especially in the important areas of seniority, wage payment, and discipline. Yet when actual negotiations get underway, only 61 of the 213 surveyed companies allow their foremen to sit in. And in only 15 of these 61 firms do foremen participate as active members of management's bargaining team. In nine firms, foremen are technical advisors and "occasional" speakers only, while in 37 companies they are relegated to the status of mere observers.

Many firms admit that soliciting contract ideas from foremen gives them a sense of being on the management team and of participating in decisions. Many of these same firms, however, muff equal advantages to be realized by letting foremen actually participate in negotiations. Firms using foremen on the negotiating team cite advantages such as increased foreman's status*, better communication among foremen, better understanding of the bargaining process, prevention of distorted statements by

union speakers, and development of foremen's management ability.

As to mechanics of soliciting contract suggestions from foremen, the methods used vary widely, the survey reports.

Some firms use a series of meetings with supervisors well in advance of negotiation sessions. Others resort to questionnaires, while some use trained opinion research specialists. A few firms use contract booklets: copies of the existing contract with blank pages for notes. During the year foremen on the line note down problems that occur—right opposite the troublesome clauses.

During actual negotiations, 179 of the 213 queried companies communicate with foremen regarding contracts under consideration. Some prefer meetings; others use written communications only.

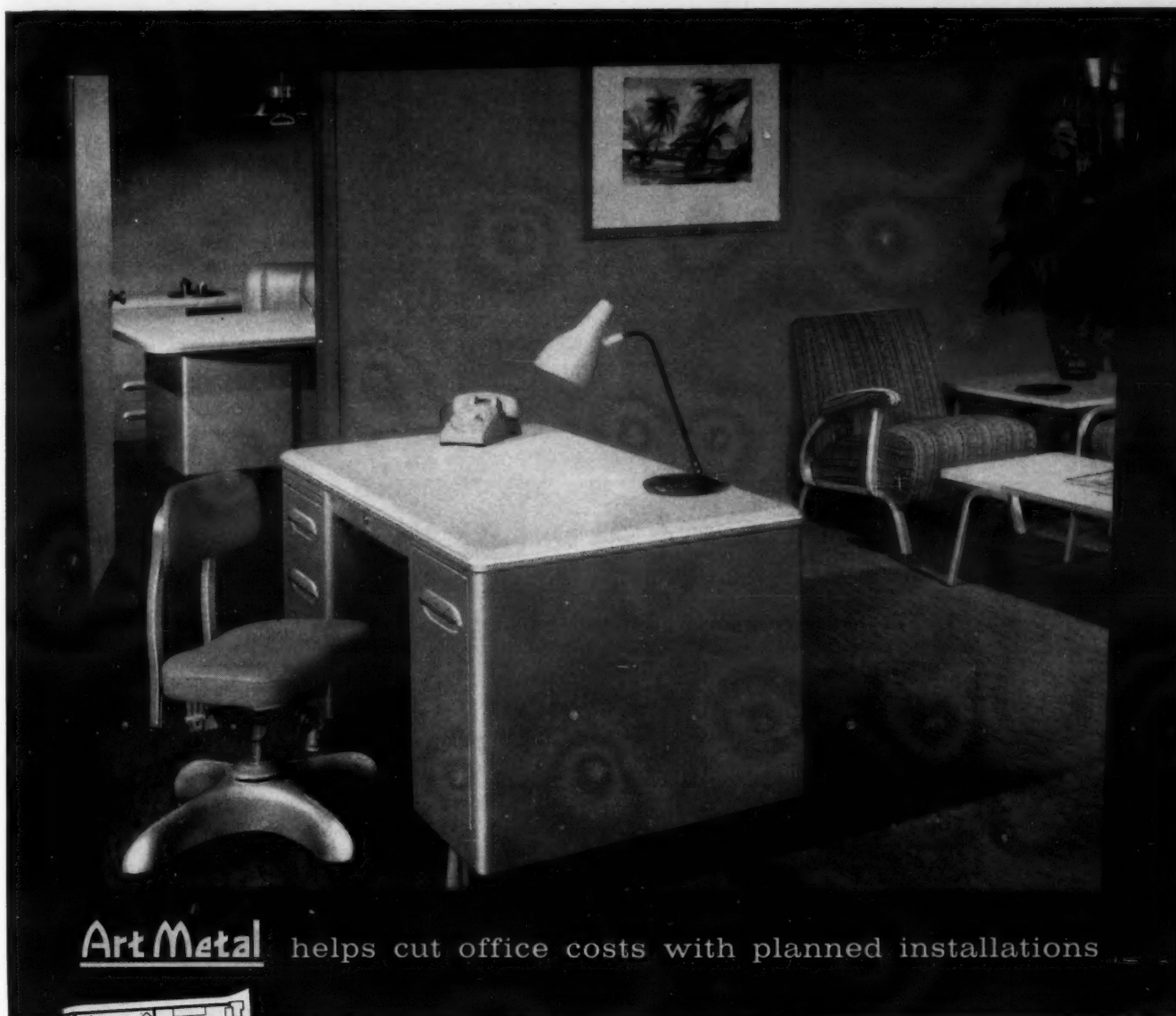
One sore spot agreed upon: communicating with supervisors while negotiations are underway may bring down union wrath. Some companies (32 of 194) experienced union objections over violations of "secrecy" and divulging of specific details. This had the immediate effect of hampering current negotiations and straining union relations.

Engineers suggest means to solve own shortage

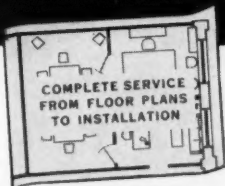
A group of engineers have themselves provided a set of answers to the question of how to solve the current shortage of engineering talent. Solutions were offered by 220 members of the American Society of Mechanical Engineers at a recent meeting of the society in Cleveland.

In suggesting immediate steps that might be taken by industry,

* See "10 ways to measure your foreman relations", page 44.



Art Metal helps cut office costs with planned installations



"Far from being a cost item, our completely modernized offices will repay the investment in equipment in two years."

Smoother work flow with less office "travel", faster filling of customers' orders, file facilities doubled, more business handled by fewer people... these are a few specific benefits of its Art Metal installation reported by a prominent men's wear manufacturer*, quoted above. Art Metal's experience in tying together the various operations of office routine with a "streamlined" equipment layout is unequalled.

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FOR IDEAS YOU CAN USE, check any of the following helpful manuals and booklets:

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since 1888**

*Name on request
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34% of the 220 engineers said that engineers now in industry should be relieved of routine work that could be done by less-highly-trained technicians. Another 26% suggested higher salaries for engineers.

Other answers included 22% who suggested a better job of selling the profession to young people, 6% who do not believe a shortage exists, and 3% who said the problem would be solved by the laws of supply and demand or operation of the free enterprise system.

When asked ways of improving modern high school education, about half said that courses in mathematics, physics and chemistry should be added, improved or made compulsory. One quarter said the solution lies in improving teaching methods, not curriculum, and 11% called for addition or improvement of courses in English, foreign languages, the classics and other non-technical subjects. Only 4% asked higher pay for teachers.

On improving engineering college curricula, the largest group,

21% urged emphasis on the fundamentals of math and science and the reduction of specialized courses. The respondents split on whether the curriculum ought to include more or fewer liberal arts and business courses; 10% voting for an increase and 9% asking for a decrease in favor of more math and science. Six per cent voted for extending the college course to five years or more.

Executives pass chance to influence legislation

Only a small minority of businessmen in this country—14%, or one out of seven—show a high level of participation in national legislation, according to a national Opinion Research Corp. survey.

Almost three times as many, 39%, exhibit little or no participation in federal legislation.

The survey was conducted for the Chamber of Commerce of the U. S. among members of local Chambers.

"Businessmen's reasons for their lack of activity in national legislation," the survey says, "add up to a failure to see the connection between national legislation and their own welfare."

The survey results, obtained by scientific probability sampling methods, also covered opinions of U. S. Senators and Representatives from the same congressional districts and states as the businessmen queried. The Congressmen, unaware of the sponsorship of the survey and guaranteed that they would remain anonymous in the report, were asked for their appraisal of the effectiveness with which businessmen are communicating their views to their elected representatives.

High regard was expressed by the legislators for individual communications from executives. A large proportion of them expressed great interest in such communications, even from businessmen outside their immediate districts or states.

"There is good reason to believe," the survey concludes, "that more intensive communication by businessmen can have a real influence on legislation."



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return 67% annually on our investment!"**

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Emmery W. Below

Controller, Marathon Corporation

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in individual office units created with**

Hauserman **DIVIDER-WALL**

In a matter of minutes, with HAUSERMAN Divider-Wall, you can define traffic lanes, segregate noisy business machines or create semi-private offices for departments that require them. With both low and glazed modular units to work with, the right combination of Divider-Wall can easily be worked out to suit your requirements.

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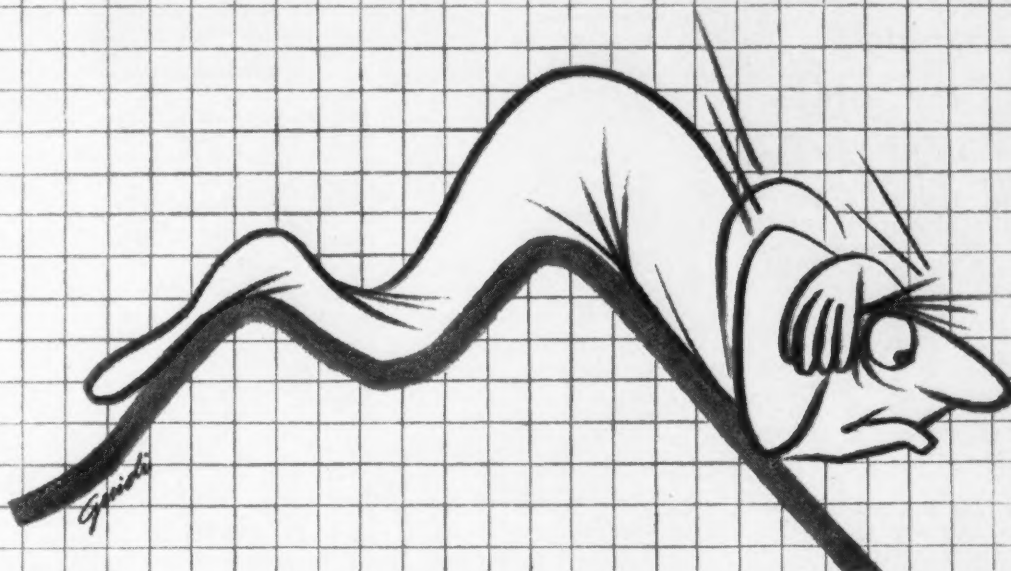
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Students are taught to develop and program electronic systems for business problems such as Payroll, Accounts Receivable, Inventory Control, etc. for a theoretical electronic computer called BEC.

BEC was designed for instructional purposes and includes the best elements of commercially available computers. The knowledge the student gains from BEC can be applied to any computer. "Programming for Business Computers" provides an opportunity for the student to study at home at his own convenience for only a few cents a day.

Free brochures describing the course are available upon request from Business Electronics Inc., Educational Division, 420 Market Street, San Francisco 11, Calif.

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too good
to miss

Executives not brilliant



Two U of C sociologists found that modern executives have a number of personal traits in common. They are able to grasp the essential elements of a new situation or problem quickly and resolve them into a practical solution. They work hard—are not afraid to devote extra time and effort to a job—because they are completely convinced that the investment will benefit them, as well as the company. Rather significantly, today's typical executive is not basically what intelligence tests would call brilliant; on the other hand, he has intelligence which is above average.

Manage, February, 1957.

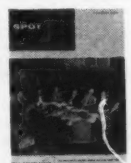
Tax "know-how" can boost sales



No important sales management decisions should be taken without consideration of the tax aspects. Proper decisions may in some instances effect a reduction in the customer's tax liabilities and can therefore be used as an important sales tool. It is not suggested that every sales manager and every salesman should become a tax expert. Sales personnel should, however, have a basic understanding of some of the more common principles so that they may recognize a tax problem when they encounter it and participate in preventive tax planning.

George H. Kitendaugh, Manager, Tax Accounting Service, General Electric Co., Systems, January-February, 1957.

Premiums spark sales



A carefully selected, pre-tested premium can give a product something extra when there's nothing too exciting to talk about. It can give your salesmen a new and powerful selling story to tell dealers. It can spark new enthusiasm and interest for your product. Premiums make the perfect point-of-sale display piece, the hook you need to get your product off the crowded shelf and out into the open where a customer can quickly see it and buy it. It's no

secret that a product display will result in a substantial sales increase as compared to normal stocking on the retailer's shelf. What's more, if you use the self-liquidating type of premium you can increase sales at no additional cost beyond basic advertising and promotion expenses.

Nathan K. Steen, Promotion Department, Kenyon & Eckhardt, Inc., in Spot, February 1957.

Self-justified staff jobs



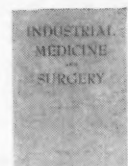
Obviously, no management wants to have a staff that cannot produce real value, that does not meet a real need of the company.

Not only is such a staff unable to earn the respect of the line, but it may actually hinder operations. Since no staff man can accomplish anything without calling on the line for advice and information, the staff to some extent operates as a drag. In other words—and this is frequently lost sight of in setting up a staff—it imposes additional burdens on the line.

Accordingly, management ought to be sure there is a substantial gain in prospect before it establishes any staff job. How much of a gain? I think that a good rule of thumb to apply is that a staff job requires twice the value at stake to justify it. In other words, if you are trying to justify a \$10,000 expenditure for staff, you should expect a return of at least \$20,000 from the function.

Edward C. Schleh, Schleh Associates, Minneapolis, in Harvard Business Review, March-April, 1957.

How to treat an alcoholic



Who is best qualified to treat the alcoholic? Essentially the individual who is most able to decrease the patient's need to drink and thereby offer him the most help in abstaining. This may be his personal or industrial physician, or, if the trend toward specialization continues—the old family psychiatrist.

Depending on the size of the organization, the following suggestions are made:

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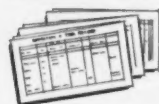
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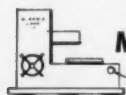
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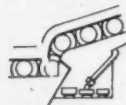
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is obtainable and should be made available to all employees; any inquiries should be held in confidence.

If a nurse or physician is not employed, an interested individual in the personnel department should be acquainted with the secretary of the local Committee on Alcoholism, if one exists, and with one or more members of Alcoholics Anonymous, and should frankly discuss his situation with the employee, advise him (or her) of the company's policy, and put the alcoholic in contact with a member of one of the above-named organizations.

Finally, it must be realized that alcoholics drink for relief rather than for pleasure, and that by virtue of their intolerance they are permanently and totally barred from an immediate and constantly available source of relief from their tension. They must be individually evaluated before passing judgment.

Jackson A. Smith, M.D., University of Nebraska College of Medicine, in *Industrial Medicine and Surgery*, February, 1957.

New product qualifications



I feel that to successfully introduce a new product using established manufacturing facilities and sales and service organizations, it is most important not to stray too far afield. I believe that a company seeking to market a new product should insist that the product meet these qualifications:

1. It should be one which they can produce without too great a change in their own manufacturing facilities and techniques.
2. It should be a product which they can sell to their present customers, using their already established sales force.
3. It should be a product which they can service properly with their existing facilities.
4. Most important, it should be a product whose marketing and manufacturing techniques are known to both staff and line personnel.

If the new product can meet these qualifications, it should be possible for the manufacturer to obtain through already established channels of communication the potential market and so to decide whether to carry the research, engineering and marketing programs actually to the point of introduction. But the surest way to reduce the incidence of new product failures is to insist that the new product meet above qualifications.

J. J. Hoffer, Jr., Director of Marketing, U. S. Industries, New York, in *Industrial Marketing*, February, 1957.

Weldwood Functional Beauty for Business and Institutional Interiors

5 minutes with this booklet may change your building and redecorating plans

White Micarta wall panels, lined with shelves, make a good looking, practical display background for colored plates in this Paris shop. Micarta is a perfect material for the purpose because it can be wiped clean with a damp cloth, designed this office.

Black is neatly kept in the handsome arrangement of Weldwood drawers in a large storage unit. Top and sides are of contrasting Weldwood, the same as shown cases Norman Marcus, French Center, Inc. Arch.

A wall of white Weldwood extends from the back of the French Center and other show store to the store front, forming a display wall for the shop window. Claude Grosse of Manhattan, N. Y., was the architect.

Modern wood has long been a favorite material for displaying merchandise of all kinds. The reason is that the inherent beauty of wood sets off and actually enhances attention. This installation of red Weldwood in Norman Marcus, French Center, Inc., is one of many in the line store. Arch: Lott & Soak.

Successful only obtained by using matched panels of Weldwood. Grade Weldwood is an extremely attractive and highly decorative material. It is available in many colors and finishes. Careful design and construction are essential to the successful use of Weldwood. For more information, contact the nearest office of the National Wood Paneling Association, 1111 Broadway, New York 10, N. Y.

Extensive wood, decorative features and a sweeping curve. A beautiful example of the use of Weldwood in the reception room of the United Nations Secretariat Building, New York. Design by the United Nations Secretariat Building, New York.

As a decorative element in interiors, there is nothing like the use of Weldwood. The material is available in many colors and finishes. It is a perfect material for the purpose because it can be wiped clean with a damp cloth, designed this office.

Elaborate wood is shown here in a fine, dark, modern style. The material is available in many colors and finishes. It is a perfect material for the purpose because it can be wiped clean with a damp cloth, designed this office.

Weldwood is a perfect material for the purpose because it can be wiped clean with a damp cloth, designed this office.

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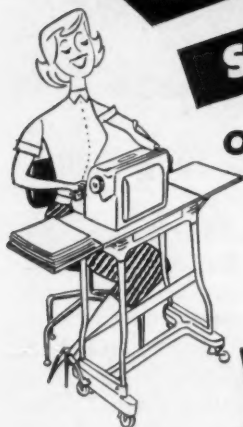


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RECENT COURT CASES

by Benjamin Newman

Tax Attorney, Koenig and Bachner, New York.

THE QUESTION

May a family member who invests neither time nor money be considered a business partner and receive a share of the profits?

THE FACTS—Mr. Kivo, who was engaged in the artificial flower business, entered into a partnership agreement with his wife and son-in-law in 1944. A clause of the agreement stipulated that Mr. Kivo's son in the armed services was to receive a share of the partnership's net profits equalling one-half of his father's 50% share.

The son returned from the service in 1945 and resumed his dental practice. At that time a new partnership agreement was executed by Mr. Kivo, his wife, his son and his son-in-law, making the son a 25% partner in the artificial flower business.

The Commissioner of Internal

Revenue claimed that the profits paid to the son for the years 1945, 1946 and 1947 were really partnership income attributable to Mr. Kivo.

THE RULING—The Tax Court upheld the commissioner, declaring that there was no intention to create a partnership which would include the son. The son was at no time a bona fide partner, but a dentist actively pursuing his profession. The amounts received by the son, accordingly, were gifts from his father and the income is taxable to Mr. Kivo. (*John Kivo v. Commissioner of Internal Revenue, U.S. Tax Court, decided 9/28/1956.*)

THE QUESTION

Should the amount of a corporate officer's stockholdings be used as the basis for determining whether his compensation is a reasonable salary payment for services, or whether it should be considered as dividends?

THE FACTS—Taxpayer is a corporation engaged in the business of selling and servicing core barrels and diamond bits, materials used in the producing of oil. During the taxable years in issue, the president and secretary of the corporation were paid salaries considerably in excess of their previous salaries, with the approval of the corporation's board of directors and stockholders. The president and secretary owned 51% and 5%, respectively, of the stock of the corporation. The Commissioner of Internal Revenue declared that part of the compensation for these officers was unreasonable, and was in fact a dividend rather than a salary. He disallowed part of the sum which the corporation had deducted as a business expense.

THE RULING—The Tax Court held that the compensation was reasonable in view of all of the facts. It was shown that the president was a moving force behind the taxpayer corporation, that both officers were indispensable to the corporation. It was also shown that corporate profits stemmed largely from the sales and servicing of equipment designed and developed by the president, for which he received no additional compensation. In view of all the circumstances, the court declared the compensation paid to the officers was reasonable for services rendered and bore no relationship to stockholdings.

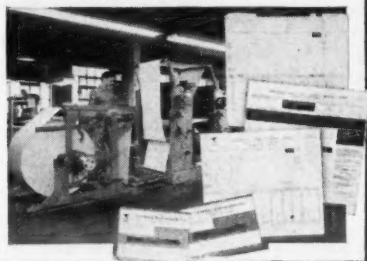
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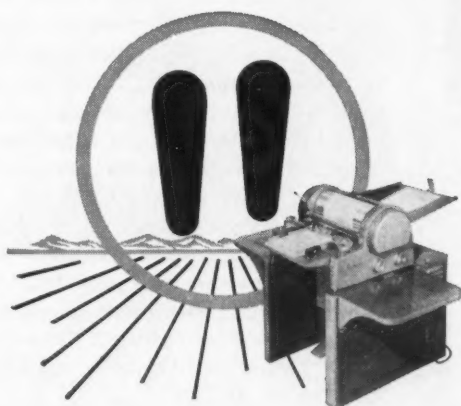


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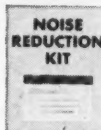
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be disallowed. Where compensation to an officer is related to his stockholdings and is otherwise unreasonable, it will be deemed a dividend. (*Drilling and Service, Inc. versus Commissioner of Internal Revenue, U. S. Tax Court, decided December 11, 1956.*)

THE QUESTION

May a taxpayer, receiving compensation in a lump sum for services rendered in prior years, apportion his income for tax purposes to those prior years?

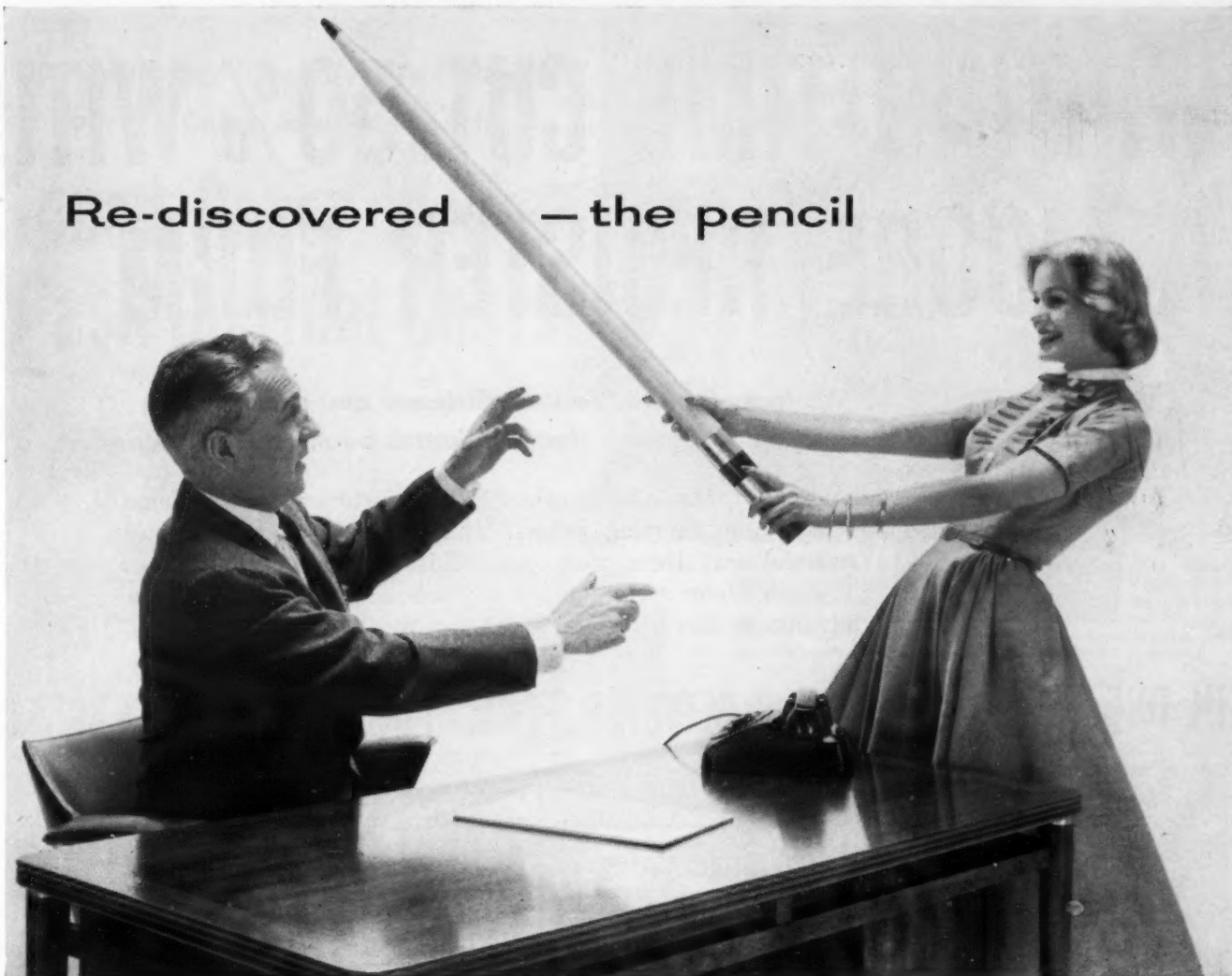
THE FACTS—Under the terms of a contract entered into with a corporation, this taxpayer's compensation was contingent upon the successful sale of redwood timber lands in California. The corporation was permitted to pay taxpayer at a time when it was in good financial position.

From 1937 to 1947 the taxpayer worked for the corporation without receiving compensation. In 1948 the corporation fixed his salary at \$92,000 for the 10 years. Payment of this sum was made in the years 1948, 1949 and 1950. In his 1949 tax return, taxpayer reported the \$32,000 received by him in that year as long term compensation, allocating his income over prior years. It was the Commissioner of Internal Revenue's contention that the taxpayer was not justified in so doing.

THE RULING—The Internal Revenue Code provides that where services are rendered over a period of more than 36 months and 80% or more of the total compensation is paid in one year, the taxpayer may proportionately allocate his income over the prior years and compute his income tax on that basis.

In the case under consideration, taxpayer received less than 80% of his total compensation in the year in question. Therefore, he may not apply the money received by him to prior years. (*Ward et al. versus Commissioner of Internal Revenue, U. S. Court of Appeals, decided January 16, 1957.*)

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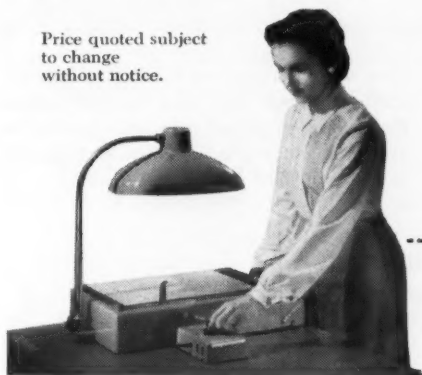
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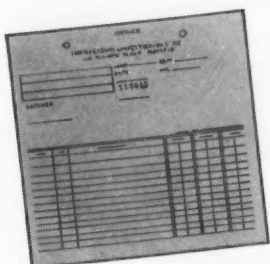
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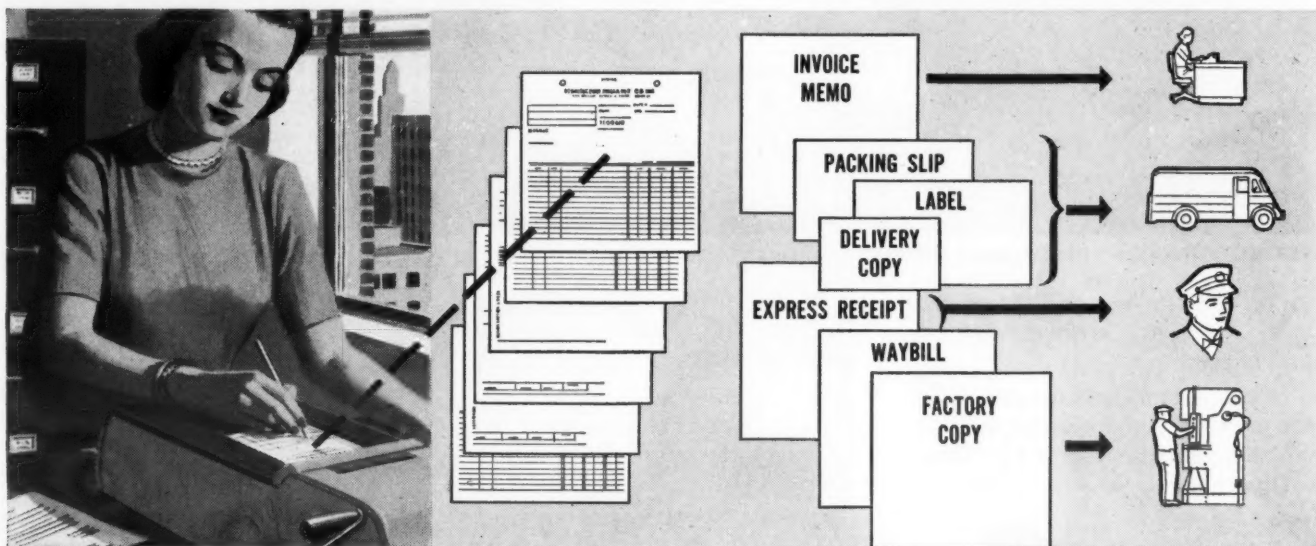
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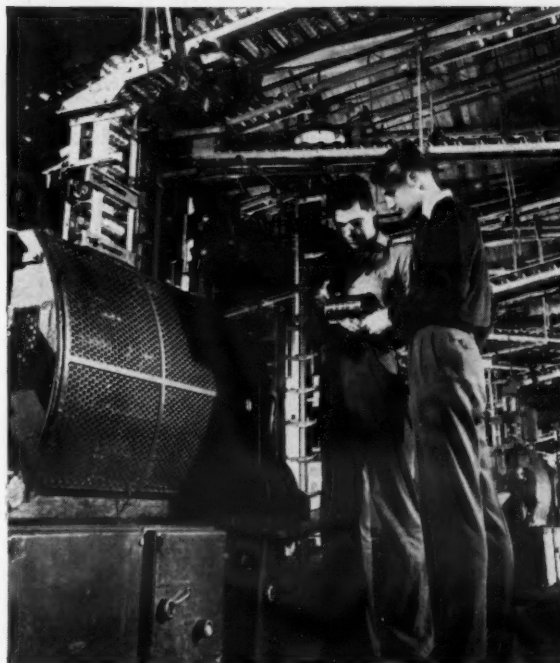
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How to use a company

An airplane may be just the tonic your company needs to strengthen sales and profits. Or it may be the worst investment your company could make right now.

Here are the experiences of some of the 12,000 companies now using business aircraft — plus costs and other facts you should consider in deciding whether to use a company plane in your business.

Scott McIntyre (see cover), 57-year-old president of United Fire and Casualty Co., Cedar Rapids, Iowa, last month slid behind the controls of his company's twin-engine Piper Apache, 1½ hours later was sitting in a business conference in Chicago, 210 miles away. Says he: "We're satisfied that our travel costs [in our plane] are reasonable when compared with public transportation, and the convenience gives our people many additional hours at home."

Late one recent afternoon in Dallas, Hugh Cunningham of Toole & Cunningham, manufacturers' representatives, heard of a \$20,000 order in Texarkana, Texas. "Next morning," he says, "I hopped in my plane, flew down there, got the order and was back in my office late the same afternoon. The round trip flying time was two hours and 10 minutes. In a car it

would have taken me 8½ hours. I couldn't have done it in a day."

Chairman J. D. A. Morrow of Joy Manufacturing Co., Pittsburgh, Pa., recently escorted some potential customers aboard his company plane, flew them 1,500 miles into the field to see Joy's oil well equipment in action, received a multi-million dollar order when the trip was over. "The plane's effectiveness as a sales aid is obvious," comments President Morrow.

In Omaha, Robert O'Keefe of the O'Keefe Elevator Co. reports: "Our plane has increased our sales by almost 50%, slashed our travel time by three-fourths."

In these days of too few executives, high salesmen's salaries, thick competition, thin profit margins and the need for extra customer service, many firms have found a company plane to be an economic necessity. Other firms that buy

planes primarily as a convenience often find that the convenience more than pays for itself. Today some 12,000 business firms operate some 26,000 aircraft.

Buying a company plane may be just the tonic your company needs to strengthen sales and profits (one company attributes a 400% increase in its dollar volume to its company plane). On the other hand, a company plane may be the last venture in the world your particular company should undertake.

Planes are not always "almost as cheap as cars." The initial cost is high and it costs only a third less to keep a plane in a hangar as it does when it is airborne.

Another cost, if you are not going to learn to fly yourself, is a pilot's salary, ranging from about \$5,500 to \$15,000 per year, depending upon the pilot's experience and the size and type of your plane.



BUSINESS PLANES: a growing industry

Sales of business planes reached \$90 million in 1956, according to an estimate by the Aircraft Industries Association. That's more than double 1954's \$43.5 million, and \$21.7 higher than 1955's \$68.3 million.

Large corporation buyers, who favor roomy, twin-engine planes, account for roughly half the industry's

plane profitably



No company goes shopping for a plane with quite the same non-chalance it might have in looking for a pickup truck. Most companies (especially smaller ones) approach the whole idea with what can be described as enthusiastic timidity. It is a well-founded attitude, for although the advantages of com-

pany planes are many, the possible pitfalls are equally numerous.

Here are some of the questions you should ask yourself before rushing out to buy an airplane:

- Does the company really need a plane?
- If so, what kind?
- Who's going to be the pilot?

- How much does the plane cost?
- How much will it cost to operate the plane?
- Will it be profitable?

Do you need a plane?

First, realize this: it would be the height of folly for your organization to attempt to compete with



Saving executive time: A plane may justify its cost in terms of executive time saved for productive work.

total dollar volume. But the small, single-engine craft last year accounted for about 85% of the unit sales—an estimated 6,000 small plane sales to business firms.

The small plane field is dominated by four makers: Cessna Aircraft, Beech Aircraft, Piper Aircraft, and Aero Design and Engineering. Some

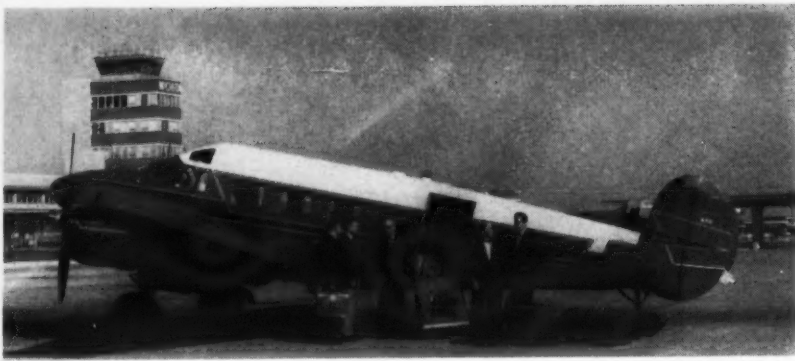
small craft manufacturers have retail finance plans; most dealers teach you how to fly.

As the number of planes has increased, so has the number of dealers, now put at roughly 600, and distributors, now numbering about 150. Aircraft service operations, counterparts of auto service stations, now number

more than 4,000 throughout the U. S.

The Aircraft Industries Association estimates that American business concerns have already invested almost \$300 million in airplanes, and spend about \$175 million annually for equipment, maintenance and operation.

That pie in the sky is no mirage.



SELLING AID

If your customers are spread around an area of 1,000 miles, in towns served infrequently by the airlines, a plane might help you.

commercial airlines. They can do the jobs they do (especially non-stop long hauls) better, faster, and more economically than you could. But commercial airlines don't always go where you want to go, when you want to go there.

If your main office or plant is located at point X and your customers or branch offices are spread around an area of, say, 1,000 miles, most of them in towns serviced infrequently or not at all by regular airlines, then a plane might help you.

If you and your key men find yourselves faced regularly with a two- or three-day round trip to get to a customer, branch office or plant—to do just one day's or even a few hours' work—then a plane may well save you time and money. Printer Gifford Booth of Wichita, who flies a Cessna, says his company would have to enlarge its sales staff by 50% to cover the territory by car.

What kind of plane?

Determining what kind of plane you need is not easy. Many factors are involved, from personal preference to the initial cost, necessary speed, range and other technical considerations.

Pillsbury Mills of Minneapolis purchased a Beechcraft after an exacting survey of company needs. Asked to explain this survey, Pillsbury's chief pilot, James Grogan, said:

"Our primary reason for buying a corporate aircraft was to furnish safe, comfortable and convenient travel for executives and key personnel. A Beechcraft was selected because it was determined that with this plane we could expect 600 to 800 hours annually of utilization, trips with an average dis-

tance of 500 miles, and a passenger load average of three passengers per mile.

"Trips in excess of the 500 mile range could be expected but these would be in stages. For instance, a trip from Minneapolis to Dallas may include stops at Omaha, Kansas City and Wichita. Pillsbury felt that the survey indicated that the greatest benefit to all would be achieved by not overextending the range of trips in miles or time, thereby enabling the aircraft to return to Minneapolis in the least amount of time. Minneapolis being Pillsbury's home office, it creates a consistent demand for originating trips, and by operating the aircraft on shorter trips, it allows more availability to the majority of people."

Who'll be the pilot?

Pillsbury has its own pilot, as do many companies. Obviously if your company is thinking in terms of a 22-passenger Convair 340, which carries a \$750,000 price tag and requires a minimum crew of two, it's unlikely that you plan to act

as pilot. A professional is needed.

It is not difficult to learn to fly a small airplane. With many "forgiving characteristics" now engineered into them, planes are actually easier to fly than driving a car, some say.

And many flying executives report that the company plane provides them with a therapeutic "hobby." Says Gifford M. Booth, Jr., president of Grit Printing Co. in Wichita: "I can get a great deal more relaxation out of sitting in the airplane and flying 50 miles away than I can get out of a round of golf or a game of cards." One flying doctor says: "An hour in my Tri-Pacer is like a day off."

Two questions that often cause a man to think twice before he buys a small business plane are: 1) Where am I going to land it? and 2) Isn't an automobile safer?

Unanimously, business pilots report that landing places are no problem. Practically all large and medium sized cities, and many small towns, have airports. In fact, several thousand more communities can be reached by the smaller

PRESTIGE: Large or small, a plane may add to your company's prestige.



15 BUSINESS AIRCRAFT: WHAT THEY SELL FOR, WHAT THEY DO, AND WHAT IT COSTS TO FLY THEM

	Average Price	Cruising Speed (mph)	Range (miles)	Passengers (A) (B) carried	Annual Operating Costs (C)		Cost per Passenger-mile (50% passenger load)	
					Flown 300 hours a year	Flown 600 hours a year	Flown 300 hours a year	Flown 600 hours a year
Piper Tri-Pacer	\$ 7,895	130	490	4	4,500	6,000	.064	.043
Mooney M-20	12,500	165	575	4	5,500	6,900	.062	.039
Cessna 180	14,000	150	695	4	6,500	8,200	.080	.051
Beech Bonanza	22,000	180	650	4	9,300	11,700	.096	.060
Helio Courier	25,600	155	485	4	9,800	11,800	.117	.070
Piper Apache	36,790	170	605	4	13,900	17,200	.151	.094
Riley Twin-Navion	37,500	170	780	4	14,200	17,700	.155	.096
Cessna 310	60,645	205	870	4	28,500	33,400	.258	.151
Beech Twin-Bonanza	78,000	200	815	5	33,900	40,200	.251	.149
Aero Commander	79,500	200	1,060	4-5	33,400	38,800	.275	.160
DeHaviland Dove	108,450	185	1,240	6	49,500	56,600	.331	.189
Beech Super-18	125,000	215	1,455	5-7	54,400	63,100	.313	.182
Lockheed Lodestar	175,000	240	1,100	8-10	93,500	119,000	.321	.204
Douglas DC-3	240,000	200	1,350	14	103,500	127,500	.274	.154
Convair 340	750,000	285	2,500	18-22	240,300	280,300	.313	.183

(A) With 45-minutes fuel reserve.

(B) Excludes pilot (and co-pilot in case of last five planes on list) for all planes larger than the Riley Twin-Navion.

(C) Covers all major operating and fixed costs, including crew's salary for all planes larger than the Riley Twin-Navion.

The above figures are based on a five-year depreciation period, much shorter than the real life of a plane but advantageous from a tax standpoint. Moreover, hangar rental fees included in the listed operating costs are based on fees charged at metropolitan airports, which—in the case of

a Cessna 310, for instance, may run \$1,000 a year higher than charges at a small airport.

For all planes listed, the cost per passenger-mile is arbitrarily based on the assumption of a 50% passenger load. In practice, of course, a company-owned Convair is unlikely to average 10 passengers per flight. With an average load of four passengers, cost per passenger-mile of operating a Convair (at 600 hours a year) would be 46 cents, more than eight times the cost of travel by commercial airline.

Compiled by the National Business Aircraft Association

business planes than are accessible to the larger commercial airliners.

Even without a regular airport there are ways and means. One executive, for example, lands his plane on a little-used rural road. Other businessmen are more conventional and simply take taxis from the airports, arrange for someone to pick them up there, or use rented cars (which are available almost everywhere now). None report any difficulty or undue expense in this connection.

As for safety, figures show you're safer in your own plane than in a car. There are more than eight times as many fatalities in passenger autos and taxis than in all types of business aircraft.

According to a survey made last year by Piper Aircraft Corp., the average owner of the four-passenger, \$7,800 Piper Tri-Pacer is a small businessman who owns and

operates his own plane. He has flown a total of 1,681 hours. His yearly average is 317 airborne hours, and he has practically deserted the ranks of regular airline or train passengers. He likes to fly.

How much does a plane cost?

It's not quite as bad as J. P. Morgan's comment on yachts: "If you have to ask how much one costs, you can't afford it." But planes—and their upkeep—aren't

SPEED: Executives get there faster in this converted bomber.



COMFORT



Interiors of many bigger planes are designed as flying executive suites.

CONVENIENCE



A plane gets you there faster when special customer service is needed.

CUSTOMER SERVICE



A plane may take the pressure off, get you home in time for dinner.

cheap. Yet, as company after company has proved, planes can be an extremely profitable business tool. Good selection of the craft in the first place and proper utilization of it can make the difference between red and black ink. The type of plane you need determines the size of your investment (see chart, page 39).

Over-all cost of operating a plane depends in part on how extensively it is used. For example, in just four months the O'Keefe Elevator Co. flew its Cessna 172 a total of 300 hours at a cost of about \$10.90 per hour including insurance and depreciation*. The cost per airplane mile was about nine and one-tenth cents. Comparison note: it costs O'Keefe about 10 cents a mile to operate each truck.

Among the different planes carrying four passengers each, the price range goes from \$7,800 for a Piper Tri-Pacer to \$60,600 for a Cessna 310. Between the two there is a difference of 40 miles per hour in speed, 170 miles effective range, and a whopping \$30,000 in annual operating cost if the planes are flown an economical 600 hours per year. Obviously there's more to a plane than how many passengers it will carry.

Cost of operation

The Ohio Oil Co. which owns 19 planes (reputed to be one of the largest business airfleets in the world) says this about the cost of operating a plane: "How can you analyze the cost of an operation which results in such an enormous saving of executive time?"

Owning a plane may pay off in executive time saved, in publicity, prestige or in keeping customers satisfied by offering that something "extra" in service.

Paul Rennard, chief pilot for Joy Manufacturing, breaks down the company plane's operating cost as follows: "In 1956 our Beechcraft Super 18 travelled 118,515 miles, was in the air a total of 686 hours, made 586 separate flights, cost

\$116.06 per individual flown at a mileage cost of 16 cents per passenger mile. It cost 56 cents a mile to operate the plane, maintain our own hangar, amortize the building, amortize the plane at the rate of \$1,362 per month. We consider 10 years the practical life of a plane, then we trade it in for a new one. Amortization is just as cheap as the heavy maintenance on an old plane and we have a new model."

All authorities agree that for economical utilization, a business airplane should be operated from 400 to 600 or more hours a year. An average of 50 hours a month is considered normal.

Will it be profitable?

To determine whether a business plane will be profitable, you must first determine what kind of "profit" you are seeking: convenience, prestige, better customer service (such as speedy delivery of repair parts), executive time saving, increased sales volume, or an immediate enrichment of company profits. Ask yourself exactly what a plane should do for you.

One method that a growing number of firms are using to determine whether or not they need a plane is to conduct a trial marriage, by chartering a plane for specific executive transportation needs. The test is not 100% revealing, but it can at least give you some clues to your needs before you commit yourself to the purchase price.

Actually, deciding whether you need a plane can be handled in much the same way as deciding whether you need a new car. And if you decide you do need one, the next question is: What kind? A Ford? An Oldsmobile? Or a Chrysler Imperial?

Some say that just as the automobile revolutionized America's way of life some 50 years ago, the plane is beginning to drastically change the country's business procedures today. One man who holds this view is Henry W. Boggess, director of aviation for Sinclair Refining Co.: "There has been a transition to 'decentralized operations'

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*A company airplane can be depreciated at either 13½% per year, or at 25% per year. Thus, after four years a plane can be sold as a capital gain.



LOOK BEFORE YOU LEAP

TO THE SUBURBS

Many an expanding business, bursting at the seams in cramped metropolitan quarters, looks to the suburbs as an escape from the city's high costs and congestion.

But the grass isn't always greener in the suburbs.

When all the facts are considered—all the hidden costs uncovered—you may find it more profitable to forget those cheaper suburban land costs and taxes—and expand right where you are. Here's an actual case in point.

William F. Lotz, Jr., Treasurer

William F. Lotz, Inc., Philadelphia

“To flee or not to flee” the big city's congested traffic and limited land areas is one of today's foremost problems confronting industrialists who are considering plant expansion. The trend to “go suburban” where land is cheaper and traffic less ulcerous has reached almost epidemic proportions in recent years.

While a suburban location has proved healthful and beneficial to many growing firms, many others, blinded by the facts of cheap land

and low taxes, have followed the exodus only to find suburban living inconvenient and filled with numerous profit-sapping hidden costs.

From our company's experience in constructing plants in cities, towns, and rural areas in the eastern half of the United States, we have seen first-hand the relative advantages and costs of urban versus suburban locations.

Too often we have seen the decision to relocate based *solely* on land cost and taxes, instead of the

entire effect the suburban site will have on the business.

The greatest pitfalls in relocating lie in hidden costs. And, unfortunately, it is this aspect which has been given the least publicity and attention.

A study which was made recently for one Philadelphia concern shows that careful consideration of *all* factors can reverse a decision to relocate.

The Soabar Co., one of the nation's largest manufacturers of price

marking equipment and supplies, is located in a residential-industrial area of Philadelphia. Faced for the fourth time in its corporate life with the need to expand its plant, Soabar looked to the suburbs and considered building there a one-story plant with efficient straight-line production flow.

Before taking definite steps toward a move, however, Soabar's management asked for a thorough analysis, to bring all the facts to light. As a result of the study that ensued, the company decided to stay in its present location, expand its facilities by purchasing five adjoining homesites, razing the homes and erecting an addition to its original plant.

What were the reasons that influenced this no-move decision? Soabar's reasons for staying urban are worth consideration by other city-based industrial plants facing expansion problems.

Expansion ground rules

Before getting down to this specific case, it might be well to establish certain rules or guides on which to base your expansion or possible relocation requirements:

- Analyze your space requirements carefully. Perhaps new machinery or materials handling equipment can cut down the square footage requirements—or even make new plant facilities unnecessary.

- If more space is definitely needed, relate it to your over-all plan for company growth. There is no sense in building an addition that cannot be expanded to meet the needs of further growth in three or five years. Stop-gap measures are always the most expensive in the long run. And patch-up, make-do plant measures can send your production costs skyrocketing.

- Check your maintenance costs carefully. High maintenance is often the most compelling reason for a move. Even though maintenance items are paid for before taxes, they require cash for payment. The portion of this cash remaining after taxes could be used for expansion.

- Would a new location put you in

a better labor market (or would it cause you to lose experienced personnel who would be difficult to replace in another area)?

- Could you reduce shipping costs or eliminate certain shipping problems by moving? Or would you lose advantages you now enjoy?

- Would marketing advantages be gained by moving closer to major customers? (One eastern company found it advantageous to build a branch plant in the midwest convenient to an important customer; but even in this case, the firm located in a fully-developed community.)

- Would production advantages be gained by moving closer to major suppliers or material sources?

If this analysis shows that a move would be both beneficial and economically justified, establish a management committee to survey all the pertinent facts. Many firms have found it advantageous for the builder to work with that management committee in weighing urban versus suburban advantages.

Key factor: personnel

In Soabar's case, one of the first major problems considered was that of personnel. A careful check of the workers showed that the majority lived either within walking distance or a few minutes drive from the plant. To uproot and move certainly would create a serious personnel problem and needless additional expenses to obtain



ABOUT THE AUTHOR

William F. Lotz, Jr., has for some time played an active role in plant planning and site selection for many of his firm's clients. Erstwhile Treasurer of William F. Lotz, Inc., construction firm of Philadelphia, his duties are largely along engineering lines, toward which end he has been concerned with industrial site planning. A Registered Professional Engineer in Connecticut, Indiana, and Pennsylvania, he holds a B.S. and C.E.

and train new employees. This was the first damper on the suburban idea and led Soabar to take a closer look at its own backyard.

With married women constituting a large bloc of America's working population, special consideration should be given to their working problems. Faced with running the household and hurrying home to prepare dinner, most married women want to work close to home and convenient to food stores. For this reason firms in remote locations often find it difficult to obtain married women workers.

A "center of gravity" technique was used to determine the best location in relation to Soabar's labor force (indicating workers' homes by dots on an area map). Consideration also was given to the availability of additional labor in the future.

One important advantage of the center of gravity method is that it gives a clear picture of worker accessibility by public transportation. By selecting a site convenient to good public transit, a great deal of money can be saved through eliminating the need for a large parking lot for employees. (And don't forget to add the cost of paving and maintaining the parking area to the land cost, if you're figuring on cheap suburban acreage.)

On the other hand, some industries may find a suburban location more advantageous in procuring—and holding—personnel. This is especially true in businesses and industries whose working force is primarily composed of high-salaried personnel, who usually gravitate to suburban areas.

Other advantages and disadvantages of urban versus suburban location were weighed carefully in the study conducted for Soabar; the following suburban disadvantages were considered:

- Lack of adequate police and organized fire fighting protection.

- The effect of fire protection on insurance premiums.

- Lack of adequate water supply and sewage disposal systems.

- Inconvenience to railroad stations, both passenger and freight.



Aerial view shows how Soabar is expanding in its industrial-residential location. Soabar owns plant (a) and rents space in plant (b). Raised section (c) shows homesites that were purchased for construction of new plant. Employee recreation area has also been planned for new plot—thus allowing for possible future expansion.

- Shipping and receiving problems.
- Inconvenience to banking facilities and restaurants.
- Inadequate arterial and access roads.

Water and sewage costs

There is no aspect of suburban location where hidden costs can wreak havoc more than in water and sewage, both in initial cost and in maintenance.

As an example, we were involved in one project where plans for a small (70,000 square foot) plant in a suburban area were abandoned when it was found that \$55,000 would have to be spent for an overhead tank, a perimeter fire plug system and a second source of water storage (in this case a pond and a dam).

In the same case, the firm would have incurred an expenditure of \$30,000 for construction of a sewage disposal system for human as

well as industrial waste. This was necessitated by the number of persons employed and a soil with poor percolation value. In addition to the initial installation expenditures, these systems are costly to maintain and operate, often running in excess of \$10,000 a year for small plants.

Most suburban areas, not equipped to handle industrial waste, have stringent sewage requirements. In most big cities, waste needs only to be neutralized for acceptance.

The problem of fire protection in suburban areas is another important consideration. Buildings can be made "fireproof," but their contents can't. No matter what steps are taken to prevent fires, the danger always exists to some degree. Organized, full-time fire departments are one of the things your city tax money goes for. But all other factors being equal, your fire insurance premiums in a number

one rated city will be about 15% less annually than in a suburban area.

Distance from freight stations and lack of existing railroad sidings may be another factor in suburban areas.

Soabar, for example, due to the nature of its business, does not depend heavily on rail transportation for receiving of materials or shipment of its products. Because its shipments involve a great number of small and medium sized packages to a large number of nationwide accounts, most shipments are by motor freight in less-than-truckload lots.

This was one of the important considerations in Soabar's decision to stay put. The firm's location, only five minutes drive from most of Philadelphia's major trucking terminals, has resulted in excellent shipping service. The company was understandably reluctant to give
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10 ways to measure

If your front-line foremen are not functioning as efficiently as you think they ought to, or if they are not integrated effectively into your management hierarchy, the answers to these 10 questions may pinpoint the reasons why.

by Willard E. Bennett

Labor Relations Superintendent
Cities Service Refining Corp.
Lake Charles, La.

Like it or not, productivity and profits in your company are determined largely by the most neglected man in your organization: the front-line foreman. Here is a man caught in the jaws of one of industry's most destructive squeeze plays.

Standing alone between the top and bottom echelons, the foreman must turn one cheek toward management and speak for the employees, then turn the other toward his workers and act as spokesman for management. How he is able to perform these tasks depends to a large extent upon how

management treats him; whether he is part of the management team in theory only or in practice as well.

The emphasis has always been on training the foremen; judging from the results so far it may be time for management to start training itself.

Here are 10 questions to help you measure your foreman relations:



workers tend to think of their foreman as the source of all evil and regard the upper-level executive as the source of all good. Obviously this undermines the authority, position and effectiveness of the foreman.

AXIOM: No other member of management should be allowed to impinge upon the foreman's authority, or to interfere directly in his relationship with his subordinates. Matters affecting the workers on the line should be handled *through* their foreman, not over or around him.



ABOUT THE AUTHOR

William E. Bennett has first hand knowledge of the foreman's dilemma. Having an extensive mechanical background, he served as mechanic foreman on various construction jobs and was formerly general foreman of Cities Service Refining Corp. as well as training director. In his present capacity he is responsible for labor relations and training (management, supervisory and craft). He is a member of the American Society of Training Directors.

1 Do You Subject Your Foremen to Multiple-Bossism?

Too often the foreman's own superior, or even higher "higher-ups," encourage the worker to approach them directly with problems, or come to them for decisions. Frequently, too, if corrective disciplinary measures must be taken the foreman is urged—even forced—to do it, but if a raise or a promotion is to be granted, a superior steps in to do the pleasant work. Thus

2 Do Your Foremen Suffer Because of Crossed Wires in Upper Management?

Training programs dwell at length upon the necessity of cooperation among foremen in various departments. Such cooperation becomes virtually impossible when, for example, two department heads are engaged in intra-company warfare. While the situation may, for a time, be hidden successfully from higher authority the immediate ef-

your foreman relations

fect is friction at the foreman level. Powerless to practice the lateral communication and mutual helpfulness that they have been told should characterize their relationship, the foremen find their ability to function seriously curtailed.

AXIOM: Don't let your foremen be used as whipping boys for failures higher up the line. In cases of apparent error, find out whether the foreman is a victim of circumstances or whether the blame should really be his; don't always assume that the foreman is wrong.



3 Do You Create Supervisors By Ordination?

Making the transition from worker to foreman is a difficult and delicate task. It requires the adoption of a completely new way of thinking. The foreman is seldom given sufficient help to make this shift. Frequently he receives, at most, a few hours of casual instruction and a pat on the back accompanied by a silent prayer that a miracle will come to pass and in some mysterious way the man will be transformed into an effective member of the management team. While extensive training is required before an apprentice can be assigned the full responsibilities of a journey-

man mechanic, the prospective supervisor is simply ordained. This process is a disservice both to the man and to his company.

AXIOM: Train your foremen *before* they are assigned their new responsibilities. The concept of training *after* they have been ordained seems to have been accepted, but the results of such training have been disappointing. The establishment of a "managerial internship" is in order. An intensive, down-to-earth course detailing the duties, obligations and problems of being a foreman will more than pay for itself. The ounce of prevention is always a better buy than the pound of cure.

4 Is Your Management Training Sincere?

No managerial training, whether proffered before or after a man is promoted to foreman, will have any value at all unless it is sincere. There is no point in presenting a program designed to implement the foreman's task unless that program has some basis in the realities of the company's actual day-to-day operating techniques. If the foreman is taught certain methods, but his superiors do not permit him to put those methods into practice, the training program is useless.

AXIOM: Management training means just that: training for all those who have a hand in the management of the company, from the president and his assistants to the

foremen on the line. If this training is more than just theory—if the precepts presented are actually put into practice—the program's effectiveness will be reflected in a smoothly functioning management group.

5 Do You Understand the Special Problems in the Foreman's Supervisory Role?

"Because of the intrinsic difference in the two relationships, the methods involved in supervising a worker and supervising a supervisor are completely different. The higher level manager who himself supervises supervisors can approach his task more directly for he and his subordinates are members of the same fraternity, have common objectives and speak the same language. Not so the front-line foreman. His subordinates react differently. He is situated at the focal point where two entirely different philosophies come into actual working contact. Consequently, his relationship with *his* subordinates is different and he must employ different supervisory methods."

AXIOM: Remember that the supervisory problems of a front-line foreman are totally different from those of managers at the higher levels. Demonstrating this understanding and exhibiting a willingness to make the necessary compensations will go far in gaining the allegiance and genuine cooperation of your foremen.

(Continued on following page)



6 Do You Mentally By-Pass Your Foremen?

It is generally agreed (though sometimes forgotten in practice) that foremen should not be physically by-passed; that the higher echelons of management should always deal with the workers through their foremen.

There is, however, another type of by-passing that may well be more prevalent and more destructive: mental by-passing.

High level executives are always concerned with the morale of the workers. Obviously the morale of the workers cannot be good if the morale of their immediate supervisors is bad. By ignoring the foreman in thinking of increasing worker morale, management is isolating the very man upon whom worker morale depends. The foreman, in effect, becomes a "man without a country."

AXIOM: Good morale starts at the top. The wellbeing and the satisfaction of the foremen provide the foundation blocks upon which to build the morale of the workers.

7 Do Your Foremen Really Have the Right of Appeal?

The foreman is denied the right of appeal available to unionized workers through exercise of the grievance procedure. To compensate for this lack of formal redress, many companies boast of having an "open door" policy. Theoretically this policy provides a method through which a foreman who has been treated unfairly by his immediate superior—or thinks he has—can seek justice from a higher management level. In practice, however, the foreman who walks through the open door finds that such relief as he receives is of a

temporary and highly illusory nature. Too frequently the open door is actually a trap door. The foreman who by-passes his boss and takes his troubles "up the line" often finds that his boss has so many insidious means of subtle retaliation at his command that he, the foreman, is in worse shape than he was originally. Therefore many times a foreman, feeling he has a legitimate grievance, will simply try to live with it. This never works and the discontented foreman starts a chain reaction that results in lowered morale among his subordinates.

AXIOM: Establish an iron-clad, formal method by which a foreman may seek redress of a wrong. Whatever the system devised, make it available to all as a matter of right, make certain that it is understood that the system is guaranteed by the top authority in the firm, and demonstrate that any attempt to subvert the system will be dealt with promptly and decisively.

8 Do Your Foremen Have a Voice in Management?

Here again the critical position held by the foreman—the link between the workmen and management—is of vital importance. The front-line foreman is the man who must enforce top management's regulations and policies. On the other hand he must see to it that the protections afforded by a union contract are observed. No member of the organization can tell more quickly or more accurately which of these are practical and worthwhile and which are uneconomical and unworkable. But few companies conscientiously ask the foreman's advice or give him a voice in such matters.

AXIOM: Top level executives must create an atmosphere in which front-line foremen will feel free to offer both suggestions and criticisms.

They must also devise a system under which foremen will be consulted on matters that directly affect them and their subordinates. Further, they must insure that the opinions voiced by foremen will be given thoughtful consideration in top management councils.



9 Do Your Foremen Have Adequate Status Symbols?

No member of the management team needs prerogatives and status symbols as desperately as the front-line foreman. The foreman is an employee one step removed from the workmen he supervises. If he is to identify himself with management he must be clothed in some visible vestments of authority. Just telling him he's a member of the team isn't enough. Without sufficient status symbols the foreman's position fades into a twilight zone between management and workmen.

Furthermore, there exists the problem of proper salary spread between the foreman and the men working directly under him. In most firms the same general wage increases negotiated by unions are also given to supervisors at the bottom level. In many cases a few hours overtime pay actually puts the worker on the line into a wage bracket above that of his foreman. Thus management, instead of doing all it can to pull the foreman into its camp, is actually forcing him to think of himself—economically at least—as closer to the workers than to company executives.

AXIOM: Give your foremen some of the trappings of office that you yourself take for granted. Provide such things as adequate office space, special dining facilities, reserved parking space, and paid membership in trade associations
(Continued on page 73)

How Kaiser Steel prevents Inventory obsolescence

This steelmaker slashed \$1 million from its spare parts inventory through a new program of "preventive obsolescence." The warehouse becomes a "bank" and spare parts are "accounts" that are written down according to a set formula. Two simple forms help spotlight obsolescence before it occurs. It's a simple system that you may be able to use profitably in your plant.

A new answer to the question: "What's it worth?" has resulted in a unique "preventive obsolescence" program in the spare parts warehouse of Kaiser Steel Corp.'s Fontana, Calif. plant. Thinking in terms of "dollar obsolescence," rather than merely parts obsolescence has enabled Kaiser to reduce the value of its spare parts inventory by \$1 million in less than three years, at the same time upgrading the efficiency of the entire operation.

By "dollar obsolescence" Kaiser means the cost of obsolescence as it affects the company's total investment in spare parts. In Kaiser's concept this total cost includes adjustments made for price shifts, technical progress and engineering changes.

Behind Kaiser's new inventory system lies 10 years of study that developed an intricate procedure of parts classification and inter-department teamwork that nails down vital statistics, past and present for each of 70,000 different spare parts stocked. Given these figures, Kaiser men can uncover existing obsolescence, confidently predict future maintenance needs and stop waste before it starts.

First step in the program was to set up the parts warehouse as a "bank"—a bank with 70,000 sepa-

rate "accounts," worth a total of \$8 million. Each spare part—each account—has its own ledger card. Every week all accounts are machine posted, withdrawals and additions tallied, and a dollars-and-cents value assigned to the individual parts. Analysis of these 70,000 active accounts is the basis for tracking down existing obsolescence and stopping dollar losses.

The composition of Kaiser's inventory is such that 10% of the spare parts actually represents 70% of the total inventory investment. Thus some 7,000 items are worth about \$5½ million. These parts—labeled "select items"—are usually valued at \$50 or more per unit. Some cost as much as \$15,000 each. Because a change in status in any one of these items involves a potentially high dollar loss, this group of "select" accounts is segregated and watched carefully.

Three separate classifications have been established for slow moving parts, and their ledger cards segregated for control purposes.

Class I includes accounts that have had no withdrawals for six months, no additions for more than three years; Class II, no withdrawals for six months, no additions for four to five years; Class III, no withdrawals for six months, no additions for more than five years.

Thus one of the first indications that a part is becoming obsolete is low account activity.

As a spare part moves from a normal group through the slow-moving classifications, a formula of percentage write-downs is brought to bear upon the original full value.

RECLASSIFIED FROM	% WRITE-DOWN	NEW BOOK VALUE
Full Value to Class I	25%	75%
Full Value to Class II	55	45
Full Value to Class III	90.1	9.9
Class I to Class II	40	45
Class II to Class III	78	9.9

In addition to this, others factors enter into the figuring of dollar obsolescence in the Kaiser concept. For example, a part may be dollar obsolete 1) if a price decline has left the warehouse with parts that cost \$1 per unit when purchased, but now have a market value of 75 cents; 2) if technical progress has made a new part easier to install, longer lived, or less costly to maintain; or 3) if a change is pending in the machine itself or the function it performs.

This system has taught Kaiser purchasing agents not to buy for a price break except in certain low-value items. Kaiser studies show that for each spare part there is an economic number of times to order each year and a definite number of items to stock. Violate the formula, the company believes, and you risk overstocking. Thus warehousing of unnecessary parts is effectively prevented by constant attention to the activity and balances in every account. Total current value of the spare parts inventory, adjusted for dollar obsolescence, is available at any time.

Obviously no accounting system, no matter how elaborately detailed, can function effectively without men to implement it.

(Continued next page)

REQUEST FOR PURCHASE

Department: _____ Facility, Unit or Machine: _____

Material to be stored in Warehouse: YES ☐ NO ☐ For Work Order (filled in by Dept): _____

ITEM	QUANTITY	Do Not Fill in This Column	Full Description of Material to be Purchased or Work
1			
2			
3			

ITEM: _____ I: _____

Why is this item being ordered? _____

To what extent would production be delayed if item was not on hand? _____

What is approximate life of ordered material? _____

Is part used anywhere else on plant? No and location? _____

Does item replace material now in stock? If so what material? _____

If answer is yes what disposition should be made of present stock? _____

Account No. _____ Info Furnished By: _____ Date: _____

Last Previous P.O. No. _____ Drawn Checked By: _____ Date: _____

PURCHASING

REQUEST FOR MATERIAL INFORMATION
ON ESTABLISHED WAREHOUSE STOCK ITEMS

Date: ____/____/____
RMI No. 19222

To: _____ Department: _____

STOCK NO.	BALANCE ON HAND	MIN.	ORDER LIMIT	REF. NO.	P. U. COST	EXCISE ISSUES FOR PERIOD
DESCRIPTION: _____						
COMPANY DRAWING & NO. _____						
MACHINE PART USED ON _____						

	YES	NO	REMARKS
Should Item Be Reordered for Stock?			
Will Old Part Be Repaired and Returned to Stock?			
Is Above Description and Attached Blueprint of Item Correct?			
Furnish Required Specifications on Attached Print.			
If Assembly, Be Sure All Component Parts & Mark Nos. Are Listed			
Will Present Usage Remain About The Same?			
Will a Cast <input type="checkbox"/> or Fabricated <input type="checkbox"/> Part Give Best Service?			
Are Any Engineering Changes Pending?			
Should Item Be Certified For Repetitive Purchase?			
Does Present Item Give Satisfactory Service?			
If Material is Obsolete, Please Suggest Disposition of Balance On Hand.			

Information Furnished By: _____ Date: ____/____/____ Drawings Checked By: _____ Date: ____/____/____

General Maintenance Approval By: _____ Date: ____/____/____

Answers to questions at bottom left of both the Request for Purchase form and the Request for Material Information form uncover potential obsolescence before the purchase is made.

At this point, interdepartmental teamwork and two unusual forms provide the backstopping needed.

Weekly meetings serve as a clearing house for ideas from the stock-room, maintenance and engineering departments.

For example, an engineer may present details of a technical process change; a maintenance superintendent may introduce a short-cut; or the retirement of an old-style machine and the purchase of a new model may be announced. Any of these changes could render one or more spare parts obsolete, thus affecting inventory value.

The two forms (see samples) are the "Request for Purchase" form (RFP), and the "Request for Material Information" form (RMI). They serve as tools to pull in vital facts from all corners of the Kaiser plant.

When a shop man wants a spare part he must fill in a RFP form. Designed to detect possible obsolescence, both present and future, the RFP form asks, among other things:

Why is the item being ordered?

What is the approximate life of the ordered material?

Obviously, in answer to the first question Kaiser is not looking for

the reply "because machine #456 needs a new bearing." If a bearing is the part involved, Kaiser wants to know if anything is wrong with the bearing's design or durability.

The question: "What is the approximate life of ordered material?" is designed to anticipate obsolescence and prevent overstocking.

Suppose the maintenance man says the part's use-history indicates a one-month life span. He orders a dozen parts, enough to last one year.

Right here is where the Request for Material Information form (RMI) comes into play. These forms are filled out by men in the engineering department.

Key RMI form questions are:

Should this item be reordered for stock?

Are any engineering changes pending?

Does present item give satisfactory service?

Each RMI form pertains to one specific spare part. Thus when the RFP form comes in from the shop, a quick cross-check is made. If no RMI form is on file for the spare part requested, one must be secured before the RFP form is approved. In the case of the maintenance

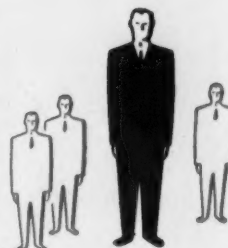
man ordering a one-year supply of a part, the cross-check to the RMI form may reveal that engineering has predicted that the machine itself will be outmoded by a new model within six months.

Obviously if the original RFP form had gone through unchecked the warehouse would have found itself with an unnecessary six-months supply of the spare part in question. Six of the dozen parts ordered would have been obsolete the moment they entered the warehouse, and their cost would have been dollar obsolescence.

The RMI forms, therefore, are used 1) to gather information about any spare part, with special attention given to the slow-moving accounts and the high cost select items; 2) to corroborate a maintenance man's request for parts purchase and to provide a control on such purchases, and 3) to anticipate obsolescence.

With all the varied information gathered through the RFP and RMI questionnaires punched into tabulating cards, and with the weekly tallying and reclassification of spare part accounts, Kaiser is in a unique position to anticipate obsolescence and to do something constructive about it. m/m

PROFILE OF A NEW KIND OF MANAGER:



How Rockwell profits from diversified marketing

Diversification brings problems as well as advantages, particularly in the area of marketing. Rockwell Manufacturing Co. has found the real key to profits in the control of selling costs. How the company does it is described here as members of Rockwell's own top management answer the questions of MM's editors.

The facts

Diversified Rockwell Manufacturing Co. is the first to concede that diversification is no rutless road. To avoid the bogs, says President Willard F. Rockwell, Jr., diversification must be properly charted, then cautiously steered.

Rockwell's record contains unquestionable evidence that planned diversification unfolds a broad horizon of advantages that can be capitalized upon for profit. For example, in 1956, sales rose 38% over the preceding year, are up 83% since 1947.

But along with the potential for growth, Rockwell has found, diversification brings big problems.

"There is no denying the fact," says President Rockwell, "that diversification complicates and intensifies the management job."

It has been Rockwell's experience that the problems of diversification

manifest themselves in all phases of operation and management—administration, production, finance, and so on. But in no area are both the positive and negative forces of diversification as pronounced as in the area of sales.

"Lacking positive counter-control methods," reports one Rockwell official, "diversification could multiply our marketing costs. Particularly in these times when distribution costs often overshadow production costs, we consider creative marketing one of our biggest jobs."

Rockwell's management stands pat on the thesis that everything begins with the salesman—including diversification planning—and works back to him.

"The trick with diversification," says President Rockwell, "is to try to neutralize the marketing handicaps



Willard F. Rockwell, Jr.
President



Lloyd A. Dixon, Sr.
Executive Vice President



Lloyd A. Dixon, Jr.
Vice President, Meters and Valves



Frank P. Maxwell
Vice President, Power Tools

without neutralizing the marketing advantages."

That the company is successfully turning this trick is evident: despite high marketing costs, Rockwell earnings are currently at the rate of nearly 17% of sales, before taxes.

Last month, in MM's Profile of a New Kind of Manager, President Rockwell described many of

his company's operations under its program of planned diversification. Now, concluding the Rockwell story, Mr. Rockwell and other members of the company's top management team describe Rockwell's marketing methods under diversification—telling how these methods affect and are in turn affected by planned diversification.

Rockwell gives the answers

Q. *Many companies today find that their biggest problems are in the areas of marketing and distribution—selling and servicing a product after it has been developed and manufactured. Is this the case with Rockwell Manufacturing?*

Rockwell: Yes, definitely. Our selling cost is sometimes as much as one-third of our manufacturing cost. The high cost of distribution has forced us to become hyper-sales-minded in everything we do.

Q.: Is your problem especially different from that of other firms?

Rockwell: Diversification puts us in a special classification, but many other companies face a similar problem. We have three major product categories—meters, valves, power tools. They subdivide into 18 separate product lines and 125 individual products in 25,000 variations and sizes.

Q.: Diversification, then, has been costly to you from a marketing standpoint?

Rockwell: Not necessarily. Diversification can multiply your distribution costs in those cases where diversification is not well-conceived. It can also add to distribution costs in the absence of positive

controls, constantly being applied.

Q.: Would you go so far as saying that diversification has reduced your distribution costs?

Dixon Sr.: To some extent, yes. That's why we don't acquire many of the good companies available to us. It's not necessarily that we don't think we can *make* their product or make it at efficient cost. It's simply that we don't have *distribution* that's anywhere near compatible. One of our first criteria in acquiring a company is to make sure that we have basic sales knowledge within their present marketing framework. If this is the case, we're pretty sure we stand a

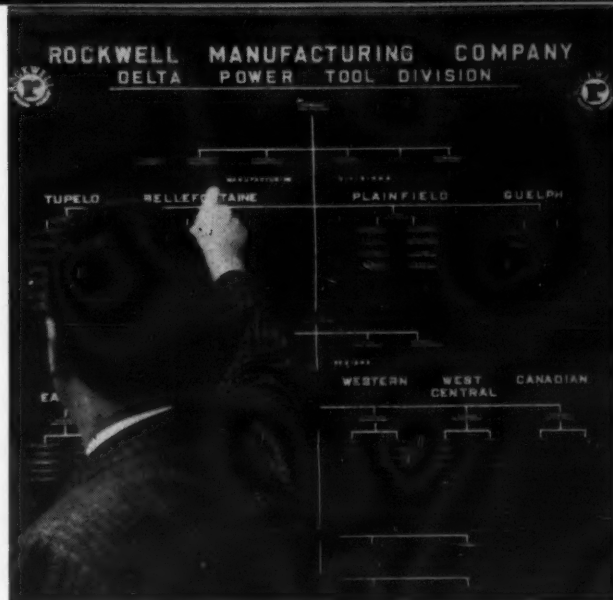


THESE FIGURES COMPLICATE

40%	increase in production capacity during past five years
3	major categories of products (meters, valves, power tools)
18	separate product lines
125	individual products (25,000 product variations and sizes)

"Not only are our sales forces separate, but in many cases they are competitive."

Maxwell



chance of continuing and perhaps improving their profitable operations—which allows us to improve our return on investment.

Q.: By terminating the acquired company's sales force?

Dixon Sr.: Not at all—especially not if they've got a good one. Our taking over a smaller company can be beneficial to the sales organization because we often give them a broader product line to sell. Their opportunities for making more money are increased on the basis of a bigger potential, if for no other reason. On the other hand, we move as fast as possible in cutting sales overhead—by consolidating re-

gional and district sales offices, by integrating sales training programs—and I might say sales training is very important to us—by consolidating advertising and promotion, to name a few specific areas.

Q.: If diversification isn't responsible for your high marketing costs, what is?

Dixon Jr.: First, I think there should be more clarification of what you mean by our "high marketing costs." They're high because everybody's marketing costs are high. In our own business, the high cost of distribution is largely attributable to the increased sales coverage and service expected of us.

Q.: By sales coverage, do you mean more men?

Dixon Jr.: To some extent, yes. Catalogue sales and the "once a year" call just aren't a part of our sales picture. Our men concentrate on specific accounts, providing as much service as possible and offering technical advice when needed.

Q.: What constitutes this service item in your company?

Dixon Jr.: To sell meters and valves, we've got to have the right product on hand at the right place at the right time—assuming that quality and price are right—or we might not get the order. This

ROCKWELL'S SELLING JOB

- 21** plants in 14 states (1 in Canada)
- 15** foreign licensees making Rockwell products
- 80** foreign countries with Rockwell sales representatives
- 29** different markets (17,000 customers)—gas, petroleum, chemical and other industries; city governments and utilities; schools; wholesale and retail outlets—and many others.



The OFFICE-ette^{tt} complete

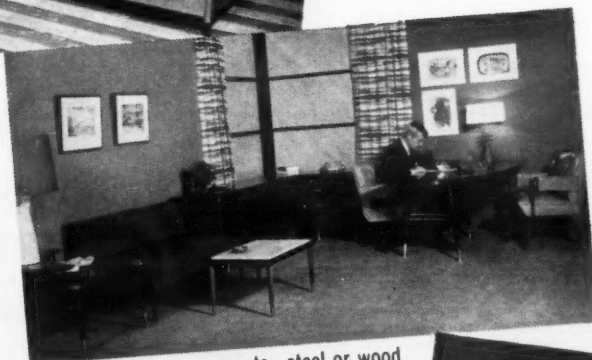


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(Circle number 137 for more information)

"Every company has trouble finding good people. I like to think we might have less trouble than others."

Rockwell



means plant and field warehouse inventories. There's also the problem of having repair facilities, and maintaining stocks of replacement parts.

Q. Well, what does Rockwell do to control its marketing costs without cutting down on service or stifling the initiative that brings about increased sales?

Maxwell: Our approach to controlling marketing costs in the Power Tool Divisions is fairly typical of the over-all approach, I think. The basis of our control is a good cost reporting system. Sales information gets to our top management people—all of whom have direct re-

"For us, sales training never stops."

Dixon Jr.



sponsibility for sales—our president, executive vice president and divisional vice presidents like myself. In 1956, I spent 62 days visiting franchised dealers, distributors and our own regional and district sales people. We made lots of changes in our sales organizational structure and we'll undoubtedly make more. We're never happy about holding the line on sales costs; we're always looking for—and finding—ways to cut down.

Q.: How big is your sales organization?

Maxwell: In the Power Tool Divisions, consisting of Delta and Walker-Turner, which are separate operations from a distribution standpoint, we have a lineup that reads like this: An internal sales staff, including an advertising and sales promotion department, six regional managers and 54 district sales managers who call on 1,700 franchised dealers, plus 150 wholesalers. Most of our franchised dealers handle our heavy tools for the industrial market and many of them handle our Homecraft line as well. Our jobbers, in the main, are hardware wholesalers who handle our Homecraft line for redistribution to hardware retailers.

Q.: Walker-Turner's sales force is separate?

Maxwell: Not only separate but

actually competitive as far as distribution is concerned. They have 24 regional sales people who serve 602 franchised dealers.

Q.: What about meters and valves?

Dixon Jr.: Our division places considerable emphasis on direct selling to the user. We have six regional offices, 15 fully-staffed district offices and four branch offices. Working out of these offices are 162 sales engineers whose principal job is calling on customers. Also, we have our sales staff here at headquarters. Our field men call on them as consultants for specific problems. In addition, we have 126 distributors engaged primarily in the sale of lubricated plug valves.

Q.: Does this group handle all of your meter and valve sales?

Rockwell: No. Our wholly-owned subsidiary, Edward Valves, Inc., in East Chicago, Ind., has its own marketing program because its markets are different. Whereas our big customers for lubricated plug valves are in gas, oil, chemical processing and like industries, Edward's high temperature, high pressure line of valves is sold predominantly to electric utilities. The markets are entirely different and so are the selling problems.

(Continued on page 98)



"One thing we don't do is make 'pie-in-the-sky' offers to engineers."

Dixon Sr.

Q. Do you have any trouble finding good sales people?

Rockwell: Every company I know has trouble finding good people for just about every job classification. I like to think we might have less than others. People are constantly coming in to see us about jobs. One of the reasons, I believe, is that we have leading positions in just about every field we're in. If we're not first, we're usually second—speaking from a volume standpoint.

Q.: Do you have trouble keeping men after they've been hired?

Rockwell: Again, I like to think our record is better than the average. Particularly so with competent young people. I think the reason for this is simple: Basically, we're a young man's company. Lloyd Dixon Jr. is 36; Pete Max-

well, 42; I'm 43. I can point out 20 others in responsible spots in this company who're in their 30's or early 40's. We demonstrate rather forcibly that age won't hold a young man down at Rockwell. That's not the case in all companies.

Q.: You say you need engineers in many of your sales jobs.

Dixon Sr.: In power tool sales, generally speaking, no. But many of our top people—like regional managers or product specialists—are engineers. In meter and valve sales, it's a different story. We need engineers or men who've had plant operating experience in the industries which use our products.

Q.: How do you get engineers today?

Dixon Sr.: One thing we don't do is make "pie-in-the-sky" offers like the ones you see every day in the classified advertising columns. We maintain contact with engineering schools and we get quite a few applications from people who are looking for a future. In spite of shortages of engineers, we're selective about who we take on. We want it to be for the long pull—we're not interested in being a

party to a deal where a man comes to us at a salary gain of \$100 a month and then moves on to another place three months later because he can get another quick gain.

Q. You said that sales training is very important to you. Just how big a part does it play in your marketing program?

Dixon Jr.: The training job never stops when you are selling products that move as fast as ours technologically. One reason meter and valve training is so complex is that sales and services are so closely akin. Our sales engineers must know the answers to most, and preferably all, the customers' questions about our products and their operations.

Q.: What do you do about giving new men the knowledge they need at reasonable cost?

Dixon Jr.: We've met this problem head-on with a three-month sales training course for new men in which every hour of their work is
(Continued on page 98)

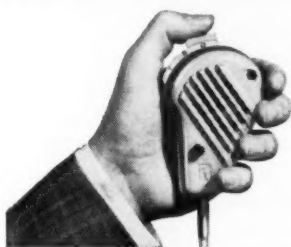


"Sales information gets to our top management people—all of whom have direct responsibility for sales."

Maxwell

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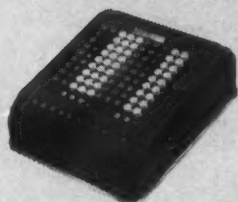
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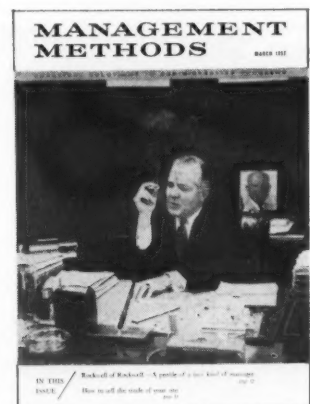
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UNIONS

Weekly newsletter to cover white collar unionization

Latest developments behind the drive to organize white collar workers will be covered in a weekly newsletter, *The White Collar Report*, according to a recent announcement by The Bureau of National Affairs, Inc. Union activities, labor-management relations, important bargaining issues, union and management strategy, court and labor board decisions, arbitrators' rulings, federal and state legislations, economic data and wage regulations as they affect clerical, professional, scientific and technical workers will be regularly covered. A section of the report will cover labor agreement contracts in this field.

For more information, circle number 230 on the Reader Service Card.

BUSINESS ABROAD

Foreign tour planned for young executives

A switch on the culturally oriented grand tour of Europe, a 51-day "inside look" at European business and industry is now being planned for young executives and management trainees.

The trip begins June 15 and will include ship-board seminars as well as participation in an international management conference in Paris.

Those taking part will travel by motor-coach through England, France, Holland, Germany and Italy. Visits have been arranged to plants containing some of the most modern machinery, systems and procedures. Emphasis will be given to study of new markets for American products, and new items for the U. S. market.

Sponsoring the tour is the Council for International Progress in

Management, U. S. affiliate of the Comité International de l'Organisation Scientifique, which holds its Eleventh International Congress of Scientific Management in Paris June 24-28. Directing the tour is Jerome Mayer, management and training consultant.

Multi-lingual guides will accompany the touring Americans. Some social events, such as a visit to a Paris ballet, will supplement the working program.

For more information, circle number 232 on the Reader Service Card.

PERSONNEL

Lighting needs related to age

Middle aged employees need twice as much light to see and work properly as do younger people.

This finding comes from research conducted by General Electric Co. Outcome of the research points to the fact that low production, poor quality and low morale among older workers may often be related to the amount and quality of light provided.

The findings take on added significance in view of Census figures showing an increasing ratio of plant and office workers in the 45 to 64 years age group.

Says GE: a large 25-year club in a company or a majority of employees in the middle age bracket is a sign that a careful study of the lighting system is in order.

RECRUITING

Direct mail service to engineering seniors

Engineer recruiters can now get an individually-addressed letter directly into the hands of selected college graduates by availing themselves of a new service. For a spe-



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(Circle number 139 for more information)

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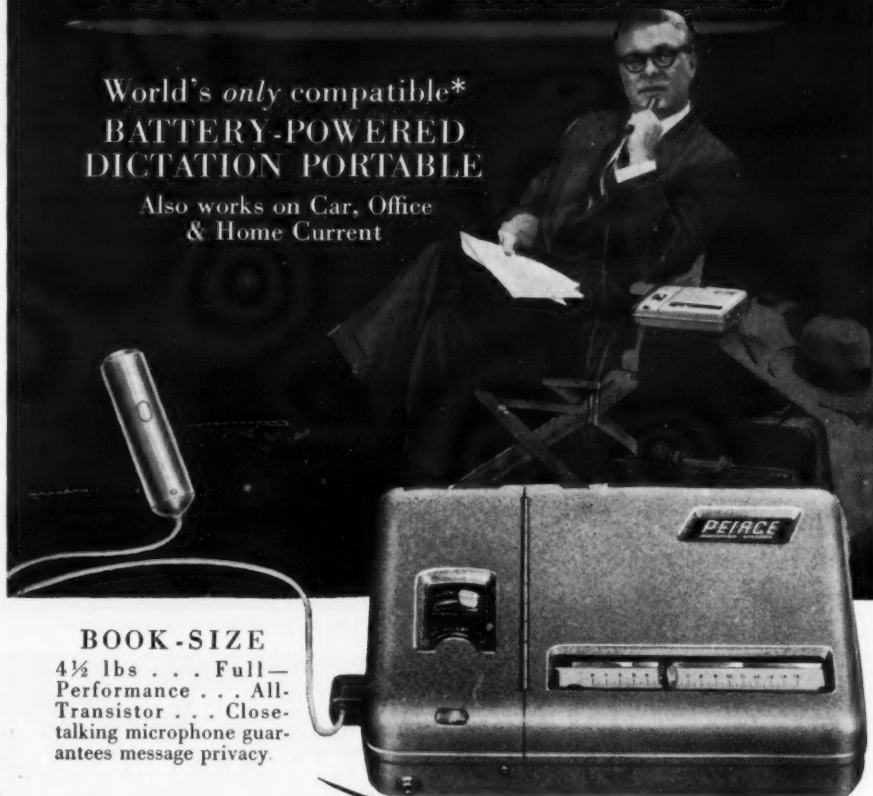
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(Circle number 140 for more information)

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(Circle number 141 for more information)

cific cost, a direct mailing from its lists will be made by Decision, Inc., of Cincinnati, to pinpoint seniors according to the college of your choice, and further by state or city where the graduates live. This further refinement recognizes the greater chance industry has of securing students in the immediate locale of its offices and plants.

Use of the service lowers over-all cost in a recruiting program, say the developers, who note also the benefit of eliminating time-scheduling problems. Accuracy of Decision's list is upheld by a full refund on every undelivered piece of mail.

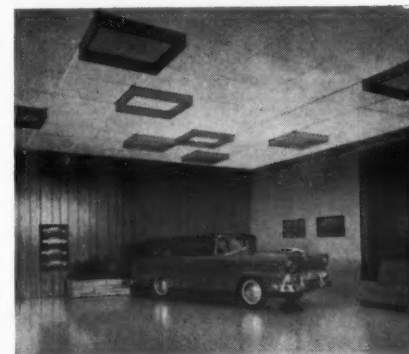
For more information, circle number 249 on the Reader Service Card.

OFFICE DESIGN

New lighting system allows flexible design

"Sylva-Lume," a new wall-to-wall fluorescent ceiling lighting system, includes a wide variety of interchangeable design components. It thus permits a flexible, artistic approach—rather than a strictly engineering approach—to lighting.

By the selection and combination of variously designed and col-



ored components, an unlimited range of custom-designed lighting arrangements can be achieved. Ceiling design can be directly integrated with over-all room or building design and decor.

The manufacturer, Sylvania Electric, reports that the system is economical to install, maintain, operate and alter. Cost is said to be \$2 or \$3 per square foot for a complete ceiling. Once the system is installed, either minor or major alterations in design and color scheme can be made quickly by simply re-arranging or changing the light shields.

The system was developed by Sylvania in collaboration with the industrial design company of Peter Muller-Munk Associates. Key components are acoustically treated to provide noise control.

For more information, circle number 233 on the Reader Service Card.

COMMUNICATION

Take the message to the man with TV

With new equipment, more facilities and better techniques, closed circuit television is solving new problems for business firms and other organizations. Sales conventions, training programs and pep talks for distributors are among the prime uses. The cost saving comes from carrying the message to the man, rather than transporting the man to the message.

An example of the extent to which closed circuit TV can be used was last month's conference of the American Society of Tool Engineers. Emanating from Houston, Texas, an hour long conference program was fed simultaneously to 143 ASTE chapters in as many cities throughout the United States and in Canada.

According to American Telephone and Telegraph Co., this was the largest closed circuit TV broadcast ever attempted.

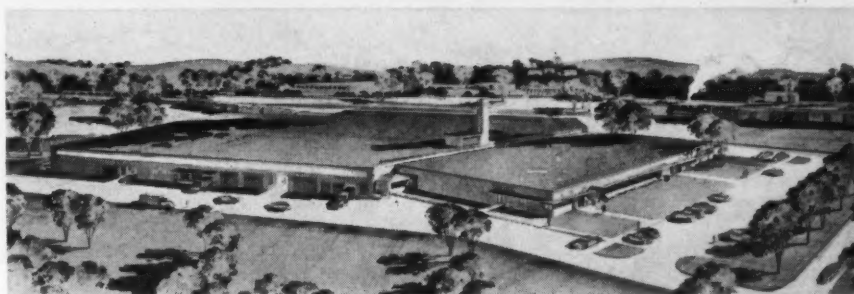
EDUCATION

New approach used to gain future scientists

Taking a long view of the engineering shortage, a group of manufacturers in Lancaster, Pa., is doing what it can now to encourage qualified high school students to enter technical fields. For the third consecutive year, the Manufacturers Association of Lancaster County has put on a day-long Science and Engineering Seminar for high school students in Lancaster and surrounding counties. Some 800 selected students in the four upper grades took part in this year's hour and a half program.

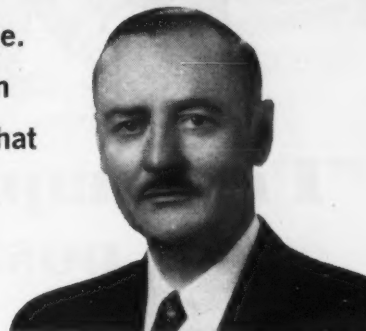
Seminar leaders demonstrated the importance of science and en-

HOW XEROGRAPHY cuts duplicating costs and speeds paperwork for SIDLES COMPANY, OMAHA, NEBRASKA



Saves \$2,500 a year on plates alone. Saves 75% of time formerly used in copying operations... Paperwork that took 2 days now takes 10 minutes, using xerography!

HARRY B. SIDLES, President



Sidles Company, with 250 employees in its Omaha plant and 250 in 33 branches in Nebraska, Iowa and Kansas, maintains a perpetual inventory of 100,000 different items, including automotive parts, appliances and air conditioning components. In addition to the company's branches, it does business with 10,000 dealers. Harry B. Sidles, President, is enthusiastic about the ways in which xerography has speeded paperwork and reduced duplicating costs.

500 Copies Each of 27 Pages in 4 Hours: "A typical example of how valuable xerography is to us can be pointed up by the matter of the excise tax on tires.

Naturally, if this information is not distributed immediately to the field—neither the sales-

man, nor the branches can properly quote to a customer. When a change occurs—and we have had them as late as 2:30 in the afternoon—we make our revised 27 page lists—have them ready by 5:00 P.M.—and, using masters prepared by xerography, have multiple copies in the mail by 6:00 P.M.!"

"But efficiency, speed of operation, and reduction of duplicating costs are not the only advantages we have gained from the equipment," stated Mrs. Thelma D. Moore, Manager of the Production Department, "basically it saves the Sidles Company thousands of dollars a year having new prices listed the same day they are quoted and the lists out that same night. It is xerography which makes this rapid operation possible."



The fastest, cheapest, most versatile way to make masters for duplicating

Anything written, printed, typed or drawn can be quickly copied by xerography onto masters for duplicating. Copies in the same, enlarged, or reduced size can be made from one or both sides of the original material, by this dry, photo-exact, electrostatic copying process. New developments make xerography the one, all-purpose, fast and economical process for copying onto different types of masters for duplicating.

WRITE for proof-of-performance folders showing how xerography is saving time and thousands of dollars for companies of all kinds, large and small.

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"I'm tempted to get a postage meter!"

Miss Gottlebee is away this week. (Mumps!) But the mail must go out. J. P. Grieving, Branch Manager, has been licking and sticking stamps and envelope flaps all afternoon... So now we have another hot prospect for a DM, the desk model postage meter...

Today, any office—even the smallest branch—can afford the convenience and control of a postage meter. One DM user in 3 spends less than \$1 a day for postage.

Thanks to the handy little, low-cost

DM, you can print postage as you need it—any amount, for any kind of mail, including parcel post. And there's a moistener for sealing envelope flaps. You get out your mail in minutes!

The dated postmark, needing no cancelling, makes less work in the postoffice, so your mail can often catch earlier trains and planes. You can also print your own small ad on every envelope, if you like!

Your meter is set by the postoffice for the amount of postage you need. Your postage is protected from loss, damage, and misuse... automatically accounted for on visible registers.

MODELS, electric or hand, for every office. Ask the nearest PB office to show you. Or send coupon for free illustrated booklet.

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gineering in industry today by tracing the development of a new product. Skits, short movies and slide films were interspersed between demonstrations and discussions to add excitement and interest. Using these methods, the students were shown how a product goes from pure to applied research to production and finally to sales.

The students learned what scientists and engineers actually do in industry, why technical people are in short supply, and what they can do to prepare for college study in technical fields.

TRAINING

Fluorescent chalk permits notes in the dark

A new training aid is a fluorescent chalk for blackboard notes made in the dark during slide or movie presentations.

The chalk permits a meeting leader to visually present his points during a film showing, rather than waiting until the lights go on. By combining the usual two-step process, audience interest and information retention can be upped as much as 70%, according to tests conducted at leading universities. The fluorescent chalk itself serves as an interest-getter.

Using black light, fluorescent chalk drawings are easily seen, even from the back of the room.

For more information, circle number 250 on the Reader Service Card.

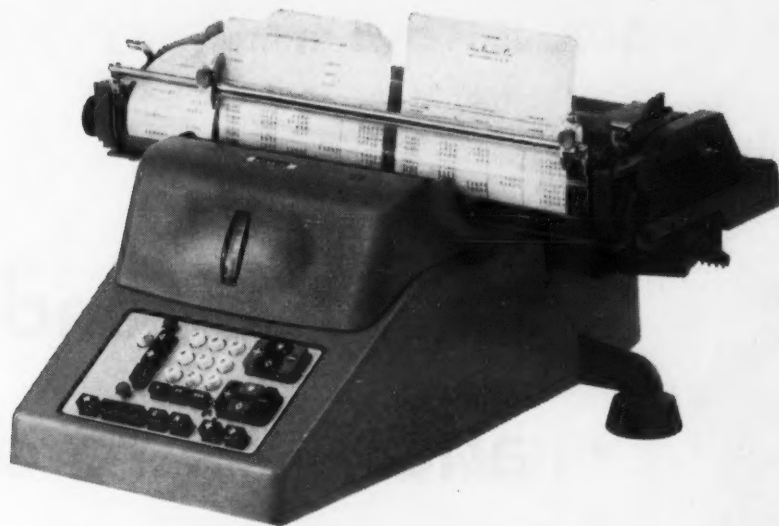
NEW LITERATURE

New health programs reduce absenteeism costs

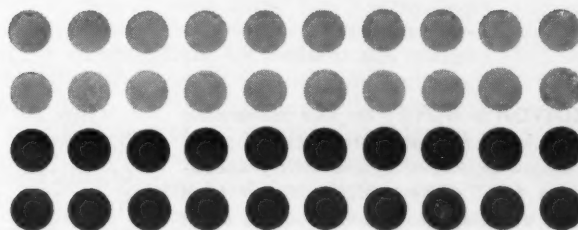
Of industry's estimated \$10 billion annual loss due to absenteeism, almost 95% is attributed to a broad range of emotional and physical illnesses. This fact opens up to managers a wide new field of effective cost reduction. The technique: a comprehensive industrial health program geared to cut down absenteeism.

How management can best make use of this new tool is explained in a brochure published by the Occupational Health Institute.

For a free copy circle number 251 on the Reader Service Card.



The Olivetti Audit 202 offers a simple way to perform a wide range of accounting tasks. Its unusually versatile control unit can hold 4 distinct accounting programs (say, accounts receivable, accounts payable, payroll, and stock record), each instantly available at the touch of a lever. Completely automatic, this high-speed dual-register machine requires no specialized operator. It provides many features usually found only in higher-priced machines. The guarantee period is one year, instead of the usual 90 days.



Do you also know Olivetti's four other accounting and bookkeeping machines? Or Olivetti's single and double register printing calculators? Electric, standard and portable typewriters? Hand, electric and duplex adding machines? Remarkably efficient and dependable, they require a minimum of maintenance; service and spare parts are quickly available through dealers in 48 states, and through branch offices in New York, Chicago and San Francisco. Olivetti Corporation of America, 580 Fifth Avenue, New York 36, New York

(Circle number 144 for more information)

olivetti

Are you ready, willing and able to delegate?

You can't simply decide to start delegating, and then just do it. Successful delegating calls for the right state of mind — and planning. Properly handled, delegating adds hours to your day, years to your life and profit to your company's till. Here's a master plan that will help you get more done through others.

EDITOR'S NOTE: In our November 1956 issue appeared an article by Dr. Donard A. Laird titled "Why executives fail." The article proved that lack of delegating ability is the chief cause of failure among men who have climbed to the executive ranks. It went on to show how both individuals and companies suffer when sound delegating practices are forgotten. The unusually heavy response to "Why executives fail" made it clear that Dr. Laird had touched a raw nerve. So we asked him to write further on the subject. Following is the first installment in his three-article series detailing the methods you can use to become a more successful delegator.

■ If you are a standing member of the bulging briefcase brigade, you're not only ready to start delegating—you'd better. Your health and efficiency may be at stake, to say nothing of your business.

One of the prime purposes of delegating is to strengthen your organization by developing executive replacements. This frightens many bosses into a state of creeping unreadiness in which they forget that without trained successors they can't be promoted themselves.

Some beg the question by merely *assigning* unpleasant, dull or meaningless chores, rather than delegating jobs which will increase an employee's usefulness.

Actually, you aren't ready and willing to delegate a task to a subordinate until you feel you can trust him to:

- Plan his own strategy.
- Assume the necessary authority.
- Share the responsibility with you.

Delegating is largely a state of mind. It can't be handled automatically. For example, a depart-

ment head who decided to lessen his burdens by creating a detailed reorganization plan—patterned on one he read about at General Electric—was greeted with confusion when he presented his new organization chart to his workers. They were totally unprepared for delegation, didn't even understand that this was the objective of the proposal.

Often it's hazardous for an executive to start delegating just to make his job simpler. On the other hand, when his motivation is to strengthen the organization he's more likely to look for unused talents among his workers, and delegate accordingly.

Either way, it requires considerable self-discipline for an executive to pass along and maintain the freedom of action needed in delegating.

It also takes planning.

by Dr. Donald A. Laird
Industrial Psychologist

**What they say
about delegating**

"I look on my job as choosing the right men — but you don't always find out about a man until you give him a chance."

Henry Ford II

"One trick about management I learned early is to surround yourself with men who know more than you do, and listen to them."

Lammont du Pont

What goes into a "master plan" for delegating? Successful executives have found these steps essential:

1. Pinpoint functions to be delegated. Draw up a list of activities in your company or department and name the individuals to whom each job is (or should be) specifically delegated. This may reveal some gaps which have been

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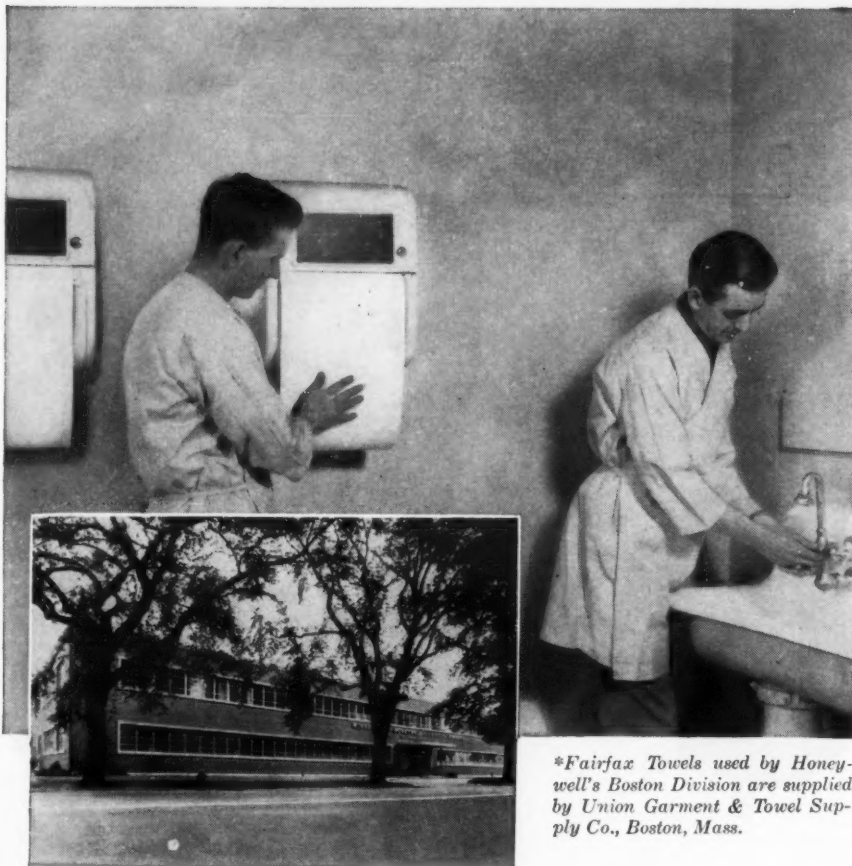
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Minneapolis-Honeywell Division finds COTTON* measures up



*Fairfax Towels used by Honeywell's Boston Division are supplied by Union Garment & Towel Supply Co., Boston, Mass.

Gyroscopes, amplifiers, null indicators, accelerometers—these are some of the measurement and control devices made by the Boston Division of Minneapolis-Honeywell Regulator Company. With this type of production, plus five buildings and 800 employees to care for, management is quite precise and engineering-minded about everything, including the towels in their washrooms.

"More manageable maintenance" is the phrase used by Honeywell to describe the success it has enjoyed with continuous cotton toweling in plant and office washrooms. Neater surroundings, with less fuss, less waste space—these have been the specific, tangible benefits.

Can you use these advantages, plus reduced maintenance cost, reduced fire hazard, improved employee relations? Give the towel job to cotton in *your* plant, office building or institution. For free booklet on how cotton towel service will help you, write Fairfax, Dept. G-4, 65 Worth Street, New York 13, N. Y.

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filled by default, some other jobs dually delegated.

2. Define clearly the goal and scope of the delegation. The subordinate should be told, in unmistakable terms, not *how* to do the job, but what results are expected. The not uncommon "Go to Department X and make yourself useful" is a prime example of the wrong way to delegate.

3. Go slowly. Start with minor missions; the degree of delegating depends more on how much of a

HOW TO DELEGATE—without

A skillful delegater can delegate without losing control of the situation. The kind of delegating you do in part determines how much freedom you give your delegatee. Your own cautiousness may serve as one form of control. But all trial runs should also carry these *stated* limits, for the delegatee's sake as well as your own:

- Objective or goal he is to achieve
- Amount of money he may spend without further authorization
- Personnel to whom he may turn for assistance
- Orders he may issue, and to whom
- Disciplinary authority that accompanies the delegation
- Duration (if possible) of the delegation
- Progress reports he is expected to give

Once a responsibility has been delegated, checks are necessary to keep things from drifting. But, as David F. Edwards of Saco-Lowell Shops points out, controls should not be used to take away with one hand the freedom of decision and action that has been given with the other.

Controls should do more than show how the *subordinate* is faring; they should also reflect how well the *superior* is coaching his man.

There are four common types of controls:

1. Statistical reports from the boss to the delegate—on output, costs, turnover, sales, collections, power used, grievances, or whatever tangible records have a bearing on the goal. Such reports tell the

job you entrust than on the size of the project. Besides, leaders who dislike to share their responsibilities find it easier to relinquish them by degrees as they develop confidence in subordinates' judgments.

One good way to get started is to solicit employees' ideas on problems that arise in the normal course of work. Another is to throw back into their laps certain questions they bring to you.

These shouldn't be spur-of-the-

losing control

delegatee how he's doing, and whether he's missing the target.

Some executives tend to keep such figures secret, or reveal them only when things are going wrong. This is inconsiderate and bad business. The delegatee can't do his job properly if he's kept in the dark.

2. Delegatee's own reports on himself are useful even though they are often biased. Written or oral, such reports 1) remind the delegatee that his superior has not abdicated, 2) give the superior a means of sizing up his man's judgment and methods of both handling problems and expressing himself, and 3) provide strategic moments for the superior to coach his man without seeming to interfere.

3. Hearsay reports from other subordinates or departments have only limited value and must be handled with discretion. They do give some indication, however, of how your delegatee works with others. Even when biased or downright malicious, hearsay reports reflect the social atmosphere in which your delegatee is working. Caution: don't appear eager or blunt in seeking hearsay or you may stir up harmful rumors ("The boss seems to think that Frank isn't making good," or, "The boss was around today, Frank, snooping on you").

4. Unscheduled, informal contact with your delegates are perhaps the best kind of control of all. Visits on the job—not snooping or inspecting—can be useful for counseling, coaching, and encouragement.

Treasurers



HOW MANY OF THESE RISKS ARE YOU RUNNING?

For 57 years The Todd Company has been studying the methods and results of check criminals—forgers, counterfeiters, check raisers, payroll padders and the rest.

As a result of this continuing study we have learned *many ways to prevent check crimes*. It is often a shock to see that even in large, well-managed companies, some of the basic safeguards are lacking.

To put these safeguards in tangible form for those who are responsible for corporate bank accounts, The Todd Company has prepared a booklet outlining 44 ways to protect your company's bank account. It is a descriptive check-list of the best modern methods we know of, to keep your company safe from embezzlement, forgery, check counterfeiting, payroll hold-ups, payroll padding, and dozens of other dangers.

EXAMPLES:

Point 5. Do you fail to rotate duties in disbursement department?

Point 10. Do you neglect to have checks serially numbered by the supplier?

Point 13. Do you leave unused blank checks where they can be taken by unauthorized persons?

Point 24. Do executives, after signing checks, fail to make sure that they are not handled again by the same person who prepared them? Such carelessness often leads to diversion of funds into criminal channels.

For complete list of 44 ways to protect your company's bank account, write for valuable booklet "Disbursement Methods—their use and misuse." Write us today on your business letterhead.



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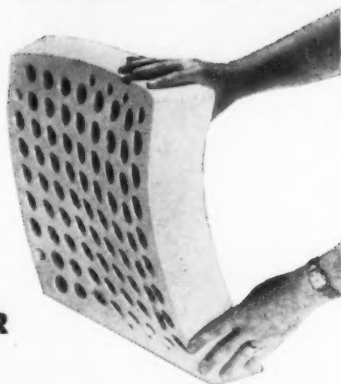
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moment delegations, but the outgrowth of a boss's conscious decision to seize the right opportunity.

4. Consider the effect on the group. Delegations should be planned to fit the characteristics and peculiarities of the group as well as the individual's ability to handle the task.

For instance, during a rush period a department manager delegated his secretary to follow through on inspection details for a government order. She was well qualified, but almost immediately morale and output dropped sharply among the crew of machinists with whom she worked. The men blamed increased rejects on closer inspection. Actually, they resented other crews' jibes about their "woman boss."

5. Create short-run delegations. This will help you to test more employees at a greater variety of tasks, with least risk. It gives the executive a chance to make accurate appraisals of individual capabilities.

6. Rotate delegations. The organization-motivated boss won't delegate only to the proven few, but will try to develop the group in depth by giving everyone a chance.

"Good management consists of showing average people how to do the work of superior people."

John D. Rockefeller, Sr.

"People like to use the full range of their abilities. It not only gives them sense of participation, but it also gives me more time to relax."

John T. Connor
President
Merck & Co.

7. Re-delegate. This method should be used, not to pass the buck, but to develop second and third teams. General Electric's president declares that every executive should use re-delegation to set up a team 10 years younger than himself. In any growing business re-delegation is essential to insure a reserve of trained personnel to keep up with expansion.

8. Include the delegatee in your planning. It prepares him for the job, makes him feel he is sharing a common goal with you. Moreover, being closer to the firing line, he can offer sound advice on the project. For instance, a superintendent who decided to relieve a labor shortage by recruiting women delegated their placement and training to his foremen. Action was delayed, however, when one foreman called attention to the lack of washroom facilities for women. Everyone else had overlooked this.

9. Tailor delegations to minimize consequences of mistakes. Errors are necessary and inevitable in delegation. Handled properly, however, they enable subordinates to learn from their own experience. The nature of early missions should be such that a blunder doesn't become a catastrophe.

Quite often the so-called "mistake" is merely an action that the chief would not himself have taken. A vital part of the art of delegating consists of permitting different methods to be tried. The delegatee should not be frightened if he finds himself in disagreement with his boss over methods. As Lawrence A. Appley of the American Management Association told a group of executives, "You have to create a climate in which subordinates will not fear to bring ideas and information to you."

One way to insure this atmosphere for your delegating is to handle it in such a way that you have complete confidence in the people to whom you are delegating. You won't be at ease if you feel you've delegated too much, too soon to a person that you mistrust. m/m

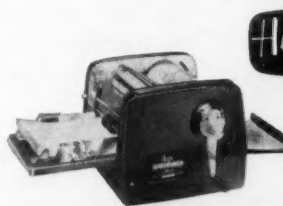
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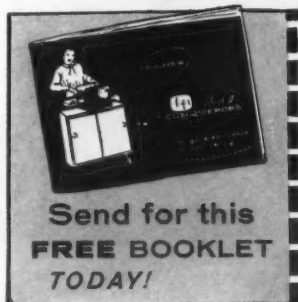
Every office duplicating job — bulletins, form letters, post cards, special office forms, etc.—can be produced much more easily and inexpensively on the new Model 76 Mark II automatic electric spirit duplicator. At the touch of a button, it prints 110 clear, crisp copies per minute (up to 8½ by 14 in. size), in 1 to 5 colors . . . at a fraction of a cent per copy. Its constant speed produces better and more uniform copies. Most important . . . there's no effort on the operator's part, for this new Conqueror runs without watching and even turns off automatically. You can pay much more if you wish, but the Model 76 offers all this . . . at a price that can't be matched!

More than 53 years of duplicating experience has enabled Heyer to add new engineering improvements to the Model 76 that make it feature the biggest value in duplicating today. These features include Adjustable Pressure Control, Copy Positioner, re-settable Copy Counter, Built-in Tank with Visible Fluid Supply, Adjustable Fluid Control, and Paper Stackers. A brand-new Feed Drive Mechanism which works only in a forward motion eliminates the lurch found in old-fashioned reciprocal drives. Quiet Nylon Gears need no lubrication. The Model 76 conquers every duplicating job with speed, ease and neatness never before experienced.



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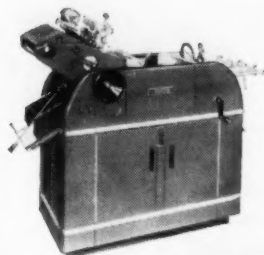
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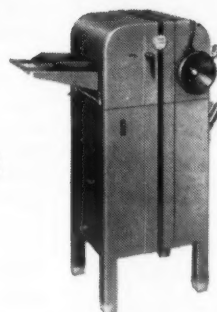
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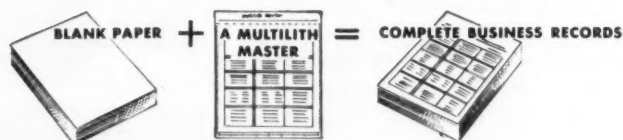
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consensus

ELECTRON C BRIEFS WORTH REPEATING

More small firms buying computers

Sales Manager Gilbert E. Jones, of IBM's Data Processing Division, says there is a significant fact behind orders for the firm's RAMAC electronic accounting machines: the majority of orders have been placed by medium-sized companies, rather than the giants.

Introduced only five months ago, this equipment, designed primarily for smaller firms, now enjoys an ordering rate many times that of any other electronic data processing unit in the industry's history. As IBM notes, there seems to be little question that electronic equipment is moving into a new era in which more and more businesses of the small to medium class are going to participate. Current orders for RAMAC units are being received from wholesalers in the grocery field, hardware businesses, meat packers, airlines, department stores and food chains.

NCR designing computer

National Cash Register Co. is at work on a prototype model of a new electronic data processing system, designated the NCR 304. The system is designed on the basis of a two-year study the company has conducted to determine the recordkeeping requirements of major types of businesses.

First production model of the all transistor system is scheduled for delivery in two years. It will provide auto-

matic accounting, auditing, recordkeeping functions in one continuous operation.

National Cash has awarded General Electric a contract to develop and produce many key elements of the system. National Cash will construct the system's electro-mechanical parts and will market and service the system. GE's Computer Department in Phoenix, Ariz., is responsible for engineering and producing the electronic computing elements.

The NCR 304 consists of a central electronic computer, magnetic-tape memory units, media converters and various high-speed input and output equipment.

Accessory equipment for the NCR 304, such as high-speed paper tape and punched card readers and printers, have been designed and will be produced.

Seminars detail Elecom 125

Underwood Corp. is conducting a series of seminars designed to acquaint middle and top management with the potentialities of its new medium-scale electronic computer, Elecom 125.

Two and a half day sessions, under the supervision of Underwood's Electronic Computer Division training staff, have already been held in New York, Washington, Toronto, Los Angeles, Denver, Houston and Chicago, and additional meetings are scheduled in Atlanta, April 24-26; and New York, May 8-10.

The seminar includes overall description and applications of the Elecom 125 analysis of applications suggested by participants, and discus-

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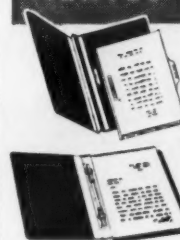
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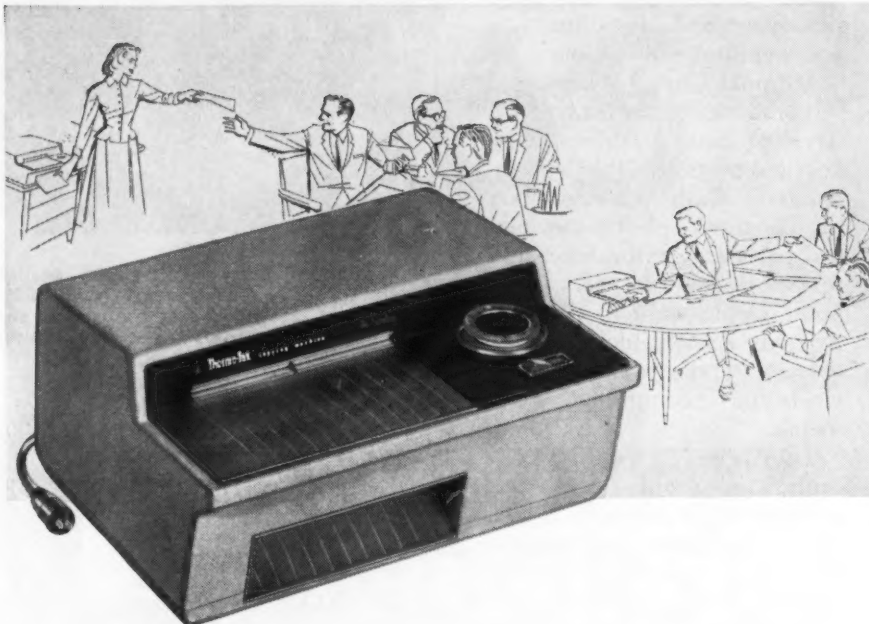
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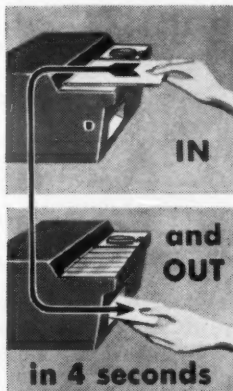
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sion of the Elecom 50 electronic accounting machine and Dataflo, Underwood's integrated data processing system.

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Attendance at these seminars is by invitation.

For more details, circle number 252 on the Reader Service Card.



Simultaneous card punching eliminates computer drag

The first of Burroughs' "Cardatrons"—called the fastest multiple electronic system yet devised for processing punched cards—has been installed at Norton Air Force Base for use with a Datatron computer to control a \$3 billion aircraft parts inventory.

Cardatron is an input-output system that enables conventional electro-mechanical punch-card machines to work effectively with computers. It eliminates the usual drag of punched card equipment on high-speed computers by permitting the use of several punches simultaneously.

Automatic card editing, scaling and code translation help free the computer from the usual slow-down; the multi-punch feature does the rest.

Estimated saving in processing time at Norton is 50%.

For more details, circle number 253 on the Reader Service Card.



Electronic job hunting

Perhaps foreshadowing the job hunting procedure of tomorrow, a Univac computer is going to provide hundreds of potential and hypothetical employees with the names of Chicago business firms seeking their skills.

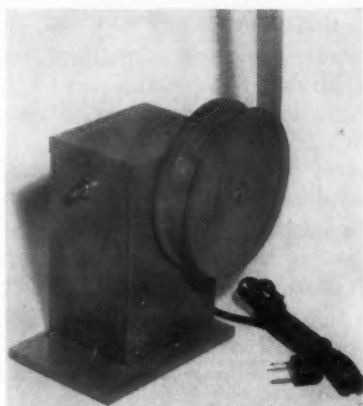
This will take place in June as a feature of the Remington Rand Univac exhibit at the Chicagoland Fair.

RemRand's \$1 million unit will store the names of hundreds of employers seeking to fill various kinds of jobs. Visitors to the fair will be invited to avail themselves of this memorized information by merely naming their jobs. A punched card will be processed and, within seconds, will be coded by the computer. Matching code numbers with a printed directory will give the visitor a personalized list of prospective employers.



New punched tape winder

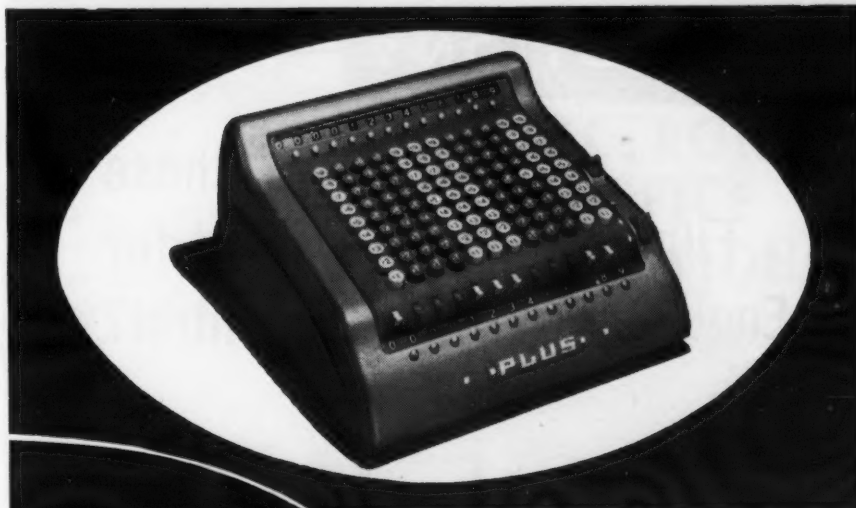
To meet the filing and storage needs for punched tape, a winder is now available which takes up directly from the punch, or from a reader. The unit, electrically operated, can also be fitted to rewind adding machine tapes, and has been adapted to teletype systems.



The entire winding reel may be easily removed from the device to permit subsequent data processing, shipping, rewinding and storage. Where preferred, a removable face reel can be used.

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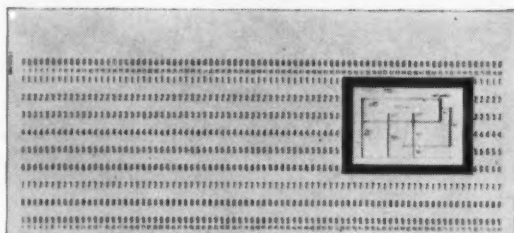
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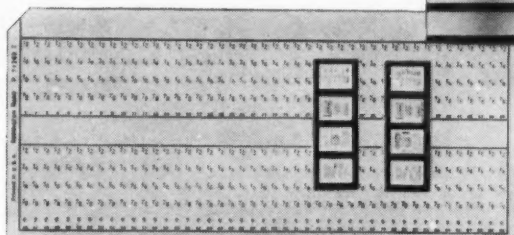
QUESTION?

Which of these Filmsort Cards is used for Engineering Drawing Control?*



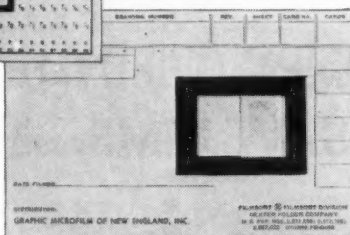
Tabulating card
with D Aperture
for 35mm

3 x 5 model E Jacket
with 16mm chambers



3 x 5 card, D Aperture
for 35mm film

Tabulating card
with two E Apertures
for 16mm film



*** SEE ANSWER BELOW**

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*Both the tabulating card with the D size Aperture and the 3 x 5 card for 35mm film are recommended for engineering drawing control. Where volume demands electrical accounting machine coding and sorting, the tabulating Aper-

ture card is the key to active microfilm drawing files. Drawings in this form are quickly filed, sorted and selected, and can be duplicated in unitized form or used to produce enlargement copies direct from the film. The 3 x 5 standard file card is ideal for the smaller company with less drawing volume. The drawing name and number and other pertinent information can be indexed on the card for manual filing and sorting. In either case, the filmed drawing in the card is easily and quickly located for reference in readers designed to meet the engineer's requirements.

The Filmsort method of engineering drawing control is but one of the many ways in which Filmsort unitized microfilm equipment and supplies can be used to create active microfilm files. For complete information on all Filmsort Systems and Supplies, see your local Filmsort Distributor.



(Circle number 156 for more information)

FILMSORT DIVISION
DEXTER FOLDER COMPANY
A Division of Miehle-Goss-Dexter, Inc.
Pearl River, New York

Business Aircraft

(continued from page 40)

which has been more extensive and more rapid than seems to be generally realized. This trend to decentralization has quite naturally caused demands for faster means of travel. No longer is the businessman content to travel three or four days to do just one or two days of productive work. He has learned that he can use a plane and double, often quadruple, his productivity."

Backing up this point of view are these facts: prior to 1940, 50% of all plants were located in cities of more than 100,000 population. Since then the figure has dropped to about 33%. And about a third of all new plants have been going up in towns of less than 10,000 population.

Further, with marketing costs skyrocketing, companies need new ways to increase the effectiveness of their salesmen. Predicts one sales-minded executive: "Within the next 10 or 15 years anyone in the sales field who does not have access to private aircraft for commuting and covering his area will be left at the post."

That the business airplane is here to stay is unquestionable. Whether a plane can help you and your company is something that can be decided sensibly only after a calm look at the facts and your own situation. But the chances are that if you need a plane at all, careful selection of a craft and intelligent operation will turn out to be one of the best investments you ever made. m/m

To decide if a plane can help you, take a calm look at all the facts.



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WHEN to make
or buy it

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SCIENTIFIC INVENTORY CONTROL

by W. EVERT WELCH, Director
of Purchasing, Aeronautical Division,
Minneapolis-Honeywell

168 pages, 8½ x 11, illustrated, \$12.50

This book shows how modern business mathematics can give you the answers to "how much to buy" and "when." But you don't have to be a mathematician to read and use it. 86 easy-to-understand tables and figures lead you by the hand through proved-in-use formulas that are now being used to control inventory in dozens of well-managed firms.

Here's a partial list of contents

- Chapter 1. Why formulas are advantageous in the determinations that create inventory.
2. How to analyze inventory in terms of relative annual usage to properly allocate emphasis to various parts.
3. How to identify the two segments of any inventory: stock for usage and protection against stockout.
4. How to make cost reductions in working inventory without making the usual cost studies of carrying inventory or order placement.
6. How to make and use a large variety of tools for order quantity determination.
7. How to modify order quantity decisions where there are tooling or setup charges or where the price changes at fixed quantity discount points.
8. How to use order formulas where the projected usage is a variable.
12. How to evaluate leadtime data in the determination of reorder points.
13. How to evaluate usage data in the determination of reorder points.
14. Why stock failures as a percentage of the number of orders is only a partial answer to satisfactory inventory performance.
15. How to prepare a formula for manual or data computer use and for over-all improvement of inventory performance.
16. How to make use of scientific principles in a typical application to a simple inventory.

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City and State.....

Bill me..... Bill my company.....

Foreman Relations

(continued from page 46)

and civic organizations. Maintain a separate and distinct set of policies and salary schedules for your lower-level managers; treat them as the VIPs they really are.

10 Are Your Foremen "In the Know?"

Foremen are supposed to function as leaders. One of the requisites of leadership is the ability to impart current and authoritative information. No top executive would deny the value of prompt and accurate communication. Nevertheless in many organizations one of the last people to find out about matters that affect both him and the workers on the line is the foreman, the man who must practice what top management preaches.

Often when revisions are made in union contracts the union steward, a subordinate of the foreman, knows about the change before his superior. Thus the workers are forced to turn to the stewards for leadership, rather than to their foreman. In many cases the foremen themselves tend to follow the steward's leadership simply as a face-saving measure. Under these conditions the proper authority, power and function of the foreman is lost to management.

AXIOM: Management must build up the foreman as a fountainhead of information. The foreman must be informed promptly, accurately and authoritatively of all matters that affect his men. No general notice, employee manual or memorandum should conclude with the words: "For further information, see the Medical Department . . . the Personnel Department, etc." The final line should always be: "For further information, see your foreman." And the foreman should always have *all* the answers. m/m

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- ★ How to solve the personnel problems involved in using office electronics

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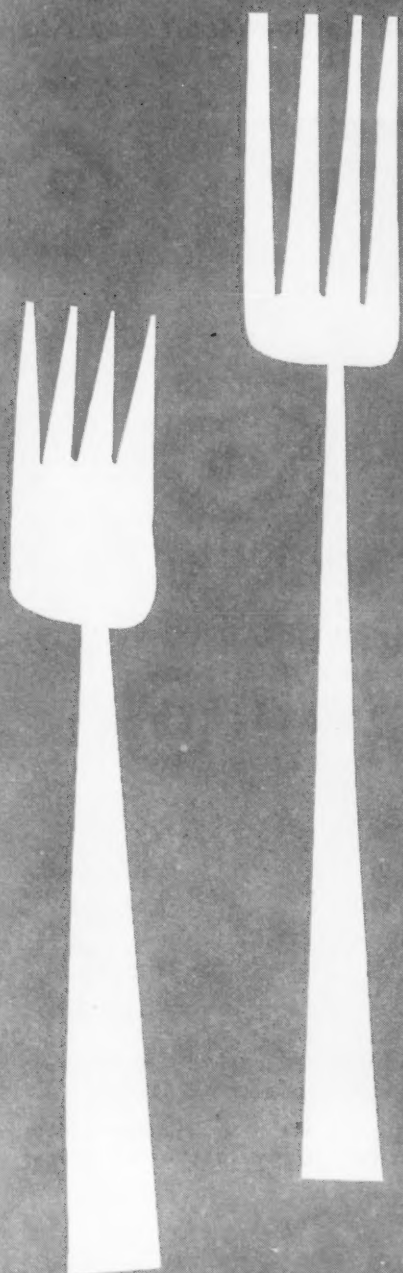
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2 WAYS TO FEED EMPLOYEES

At the New York headquarters of an oil company and in the plant of a smaller mid-western manufacturer, management has found diverse ways to accomplish the same result: provide lunch facilities for employees without getting into the restaurant business. The methods are illustrated and described on the following pages.

► **THE PROBLEM** of where a company's employees and executives should eat lunch is one that is subject to a variety of solutions. Many companies in rural and suburban communities have long had in-plant feeding arrangements for all personnel. Some metropolitan concerns maintain elaborate executive dining suites while their employees find "grabbing a bite to eat" a pretty grim business in over-crowded office districts.

How serious the problem is can be seen in Manhattan, where more than 20 million square feet of rentable office space has been built in the last 10 years. Thousands of workers have been added

to New York's already packed business areas while the number of restaurants has remained almost static. Many concerns, moving to larger and more modern quarters in these new buildings, have taken advantage of the opportunity to establish some system to permit their own people to enjoy good meals in company dining facilities.

No matter how they do it—whether through meals served at cost or provided free, in cafeterias or dining rooms, or through automatic vending machines—companies report that lower absenteeism and other benefits make such operations a sound business investment.

1 *Club-like dining facilities at Socony-Mobil's new headquarters*



Luxurious executive dining room provides club-like decor. Handsome modern armchairs have bright orange upholstery; carpeting is royal blue and green, as are the handwoven draperies.

Newest "restaurant" to open in midtown Manhattan is Socony-Mobil's lavish dining rooms for employees and executives where some 2,500 meals are served each business day. The company's new building at 150 East 42nd Street brought 8,000 additional workers into the heart of one of New York's most crowded areas. Socony, which had successfully operated limited dining facilities in its old downtown quarters, realized the value of in-building feeding—but the company did not want to go into the restaurant business.

To solve the problem they

brought in the Employee-Executive Feeding Division of the Brass Rail Restaurant Organization. Brass Rail runs the entire operation, from the purchasing and preparing to the serving of the food. Socony is freed from all responsibility except that of paying the bills.

Located on the concourse level of the building, Socony's setup is elaborate and comprehensive. The facilities include a 4,000-square-foot employee lounge with special recreation areas, a self-service employee dining room, and a luxurious executive dining room. From



Employee lounge has light and dark grey carpeting in this 4,000 square foot area in the new Socony-Mobil building. A place to relax with friends, the lounge features a lending library, magazine racks, card and game area, and built-in storage units. Comfortable sofas and chairs bring in accent colors of orange, turquoise and blue.

the world's largest all-electric, air-conditioned kitchen come freshly-baked rolls, pastry and a variety of tastefully prepared, nutritious dishes. Identical menus are used in both the employee and the executive dining rooms and the most expensive five-course luncheon is less than \$1.50, while a turkey sandwich and a cup of coffee come to just 30 cents.

Socony-Mobil dining rooms and the employee lounge were designed and decorated by J. Gordon Carr & Associates. S. Blickman & Co., Inc. fabricated the kitchen equipment.

Employee dining room holds 535 diners comfortably. Lunch hours are staggered to accommodate 2,000 employees each day. Tables are natural walnut formica. Chairs are emerald green and salmon.



2 *Vending machines feed 500 employees daily at North Electric Co.*

Soup to nuts

The automatic cafeteria begins service with coin changers at right. Employees select from 33 different foods and beverages. Condiments, bowls, napkins, etc. are obtained from the hex-shaped service island.



24-hour service

Seating section with vending area in background provides cheerful place for feeding lunch to approximately 500 North Electric employees. The cafeteria also is used for morning and afternoon coffee breaks as well.



Another solution to the in-plant feeding problem is seen in the system installed in the Galion, Ohio plant of the North Electric Co., telephone and automatic control equipment manufacturer.

Here a battery of 10 automatic vending machines offers 33 different foods and beverages ranging from hot beef stew through chilled salads to pastries and ice cream.

North Electric studied several different systems, finally settled on the automatic cafeteria because it needed a 24-hours-a-day, seven-days-a-week program, and wanted it for the least amount of company effort, expense and maintenance.

Installed by Selective Vending, Inc., the machines are arranged in a U-shape around a central hexagonal service island which supplies paper napkins, plates, utensils and a variety of condiments. Two coin changers are also included in the setup.

In addition to feeding about 500 North Electric employees during the regular lunch hour, the cafeteria is used for morning and afternoon coffee breaks.

This vending machine cafeteria could not have existed as recently as 10 years ago, when the entire vending machine industry involved just \$600 million. Today that figure is more than \$2 billion annually and spokesmen are confidently predicting \$4 billion by 1960. Electronic advances in freezing, defrosting and heating of perishable foods have made this rapid growth possible, and interest is increasing in this ultra-sanitary method to provide economical meals to company personnel. m/m

How they handle their personnel

by William L. Barton, Personnel Director, East River Savings Bank

A STEP-BY-STEP COMPARISON OF OVER 100 WHITE-COLLAR PROGRAMS

over 200 pages • 8½ x 11 • more than 100 tables and charts

► THIS BOOK makes one of the most important contributions to successful Personnel Management in many years.

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Confined to white-collar cases

Instead of studying a broad cross-section of business to do this job, the author focused on a single industry—Banking. It was a calculated choice. The financial field employs every kind of white collar worker. Its people work under conditions which permit accurate observation and analysis. And—most important—there is no factory-type industrial relations pattern, in banks, to affect personnel policies.

How do banks attract their uniformly high calibre of employees, when frequently the salaries paid cannot compete with those

offered by similarly substantial jobs in the same communities? What incentive to workers are most effective in maintaining high morale, loyalty, and a desire to advance within the organization? What about such constant considerations as overtime, sick leave, separation pay, health insurance, annual raises, group activities? These are but a handful of the literally hundreds of personnel questions answered in this book, the contents of which are listed below.

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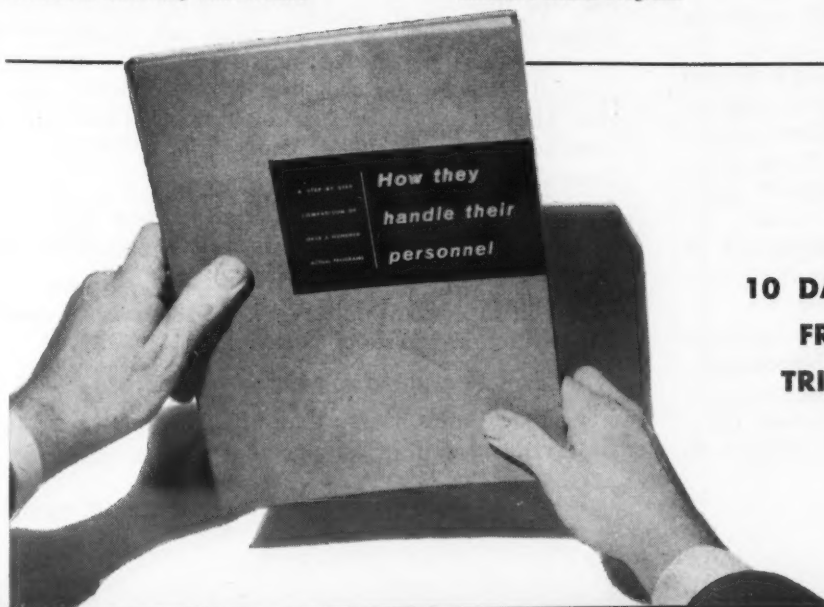
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How to stump the with a supervisor newsletter

If you rely on the spoken word for communication down the line, you're creating a climate in which rumors thrive. By supplementing your face-to-face communication with the written words of a supervisor newsletter, you can help your "front-line managers" dispel the misunderstanding and confusion that oral messages often create. Here's how some firms are doing it.

EDITOR'S NOTE: For the executive planning to launch a supervisory newsletter—or improve the one his company already has—the American Management Association has published a small book of practical suggestions. One chapter is devoted to examples of successful newsletters now being used in companies around the country. The article below consists of excerpts from preliminary chapters of the book, plus a sampling of the case examples.

DEVELOPING EFFECTIVE SUPERVISORY NEWSLETTERS. Robert Newcomb and Marg Sammons. American Management Association, 1515 Broadway, New York City. 1956. 90 pp. Members—\$2.50; non-members—\$3.75.

Management people are prone to consider the grapevine a lively and irresponsible creation of the employee mind. *It isn't.* The grapevine is a product of *management*.

Attitude surveys often reflect a gnawing irritation over the supervisory role. Supervisors, some employees say, are "roadblocks in the flow of communication from the top to the shop." Others say: "Supervisors never tell us anything because management never tells *them* anything."

Some—but definitely not all—of the irritations of supervisors can be lessened through the medium of a good supervisory letter.

Unfortunately, many organizations—especially smaller companies—confine practically all their communications energies to the spoken word, ignoring the fact that it is often susceptible to different interpretations. The supervisor sitting in a meeting with

a look of rapt attention may be thinking of what he's going to do with that operator on Machine #4, or what his wife told him to pick up at the store on the way home. Until higher management can be sure that every word said to supervisors will be heard, understood, and interpreted as management intended, the man-to-man message obviously has inherent shortcomings.

That's why, in an industrial relations world where so much emphasis is placed on oral communication, similar attention should be paid to its brother, the printed word.

What makes a good newsletter?

It would be comforting to be able to report that the vast majority of supervisory letters published by companies throughout the country are masterpieces of simple and persuasive prose—fetching to the eye, brimful of facts, and rich in harmony-building qualities. They aren't. But an examination of a substantial cross-section of the *better* supervisory letters reveals these common characteristics:

1. The supervisory letter (or newsletter or bulletin) is only one of several facets of employer-employee communication within the company.
2. The supervisory letter and the supervisory meeting are designed to function together.
3. The letters are crisp and factual.
4. They show clearly that higher echelons regard supervisors as part of management.



grapevine

5. Good supervisory letters underscore the supervisor's role in two-way communication.

The value of supervisory letters to augment and clarify face-to-face communication is becoming increasingly clear, and the future will probably see a wider use of this medium by companies of all sizes.

The executive interested in developing a supervisory letter for his organization—or in improving the material currently being published—should find many helpful suggestions in the following examples:

R. J. REYNOLDS TOBACCO CO.

R. J. Reynolds Tobacco Co. of Winston-Salem, N. C., launched its *Management Bulletin* for supervision with two purposes in mind:

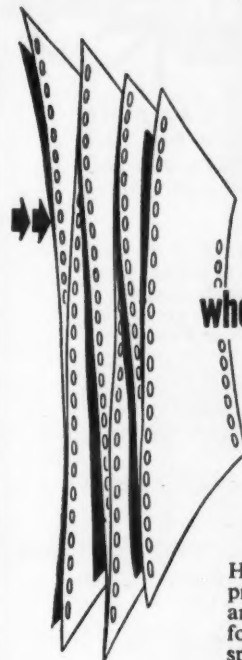
1. To provide supervisors with uniform instructions on company policy, as well as first-hand news of general interest.

2. Through the material published, to enable the supervisor to implement the main policy of company communications—discussion of information concerning the company directly with the employees in his department.

To aid the supervisor to make the best use of his copy of the *Management Bulletin*, each article is designated for discussion by a special code. For example, many of the articles end with "MBD" (may be discussed) or "SBD" (should be discussed). These articles contain information of interest to all employees and are intended for general discussion. Occasionally articles are published for the supervisor's personal information alone. The symbol "DND" (do not discuss) is used in these articles.

These points were explained when *Management Bulletin* was inaugurated through a folder called "The Supervisor Keeps Posted," which gives the supervisor specific examples of the type of news to be covered in forthcoming issues.

Companies contemplating using supervisory newsletters might take this useful tip from Reynolds: Before the bulletin program was launched it was thoroughly outlined and described in supervisory meetings so that supervisors had a clear notion of the



stop tab form troubles
when you buy from
Hano's complete line

Hano's new special Litho Tab presses and collating equipment are now producing the quality forms necessary for today's high-speed form writing. See samples of better tab forms.



LITHOGRAPHY MEANS ACCURACY.
Only modern lithography gives critical spacing and controlled registration necessary for today's Tab forms. Lithography, plus the latest photo-typesetting methods, offers the ultimate in unrestricted form design.

CONTROLLED MANUFACTURING prevents interruption in form use. Hano papers eliminate the bugaboo of form usage . . . shrinkage and stretch. Specially formulated carbon papers insure maximum legibility and minimum smear. Users are assured of fast, uninterrupted feeding.

CUSTOM FORMS, STANDARD TAB, IMPRINTS and 27 Stock Tab forms make sure you always have the right tab form . . . at the right time. Hano litho quality is today's best answer to tab form problems.

General and Sales Offices: Warehouse and Branch Plant
HOLYOKE, MASSACHUSETTS MT. OLIVE, ILLINOIS

MANIFOLD PRINTERS SINCE 1888

(Circle number 158 for more information)

BREAK THAT MULTIPLE SHIPPING BOTTLENECK

If you regularly address 5 or more cartons per shipment, you can save money and avoid costly errors by addressing multiple shipments as a by-product of office procedure.

You can prepare STEN-C-LABLS at the same time as your invoice, order or bill of lading, whatever your procedure or equipment—manual or electric typewriters, electric billing or accounting machines, Card-o-type, Teletype or Flexowriter.

Shipping department makes unlimited impressions with STEN-C-LABL Applicator direct to PANL-LABL on carton or to printed gummed labels or tags. All addressing errors, mis-shipments and repetitive writing are eliminated.

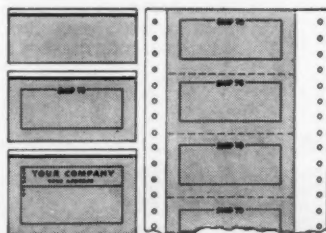
Thousands of dollars are being saved by present users.

Choose the style that fits into your operation from these continuous or unit forms available in a large number of different sizes;

Blank STEN-C-LABL to imprint on gummed labels, tags or PANL-LABLS.

Stock "Ship To" STEN-C-LABL direct to carton—No gummed labels.

Special die-impressed STEN-C-LABL includes your name and address—direct to carton.



STEN-C-LABLS in continuous form for use in separate writing are available in some styles as unit forms shown.



WRITE TODAY for FREE brochure showing detailed operation and actual installations. STEN-C-LABL Structure Protected under U. S. Patent No. 2,711,026.

STEN-C-LABL, INC.

DEPT. MM-4, 2285 UNIVERSITY AVE., ST. PAUL 14, MINNESOTA

Circle number 159 for more information

MANAGEMENT BULLETIN

R. J. Reynolds Tobacco Company

VOL. 7 NO. 48

Winston-Salem, N. C.

NOVEMBER 2, 1955

TO ALL SUPERVISORS:

Tomorrow a special letter from the Chairman and President of our Company will express appreciation for the most outstanding record yet achieved by our Company in United Fund giving. This record reads like this: 99.7% of our employees made contributions. Their gifts totaled \$118,810.78. This is an increase of \$11,033 over last year.

Such an outstanding gift can only make our hearts swell with pride and admiration for people who believe in community service.

As chairman of the campaign in our Company, I would like to express my personal appreciation to each of you who had such an important part in the success of this drive. I am grateful for the cooperation and interest displayed throughout every department, which is evidence of a relationship that can always mean success for all undertakings. My deepest thanks and heartfelt congratulations to every employee.

Bowman Gray
Bowman Gray
Chairman of the United Fund Campaign for
R. J. Reynolds Tobacco Company

NOVEMBER SAFETY INSPECTION

The November safety inspection will be made by Mr. Robert J. Dunsagan, Inspector for the North Carolina State Department of Labor. Mr. Dunsagan will start his inspection on Monday morning, November 21.

(M.B.D.)

REPAIR ORDER APPROVAL LIST

The following addition to the Repair Order Approval List has been authorized:

J. L. Lowe Accounting Department

TELEPHONE CHANGE

Change on Main Office Listing:

Mr. Rodney E. Austin from 373 to 460.

PRINT SHOP SERVICE

The Print Shop now has available a Photostat Instant Copier. This new machine will reproduce quick copies of letters and other printed material previously processed through the Print Shop's regular photostat service. The new instant copier will not replace the regular photostat, but will provide an added speedy reproduction service. Work for this machine will not require a repair order. A memo to the Print Shop stating the number of copies desired will be sufficient. This memo should be signed by the department head.

The machine is provided for all departments throughout the Company having a need for immediate reproductions. Similar machines are in use in certain departments requiring constant facilities for reproductions. These departments will accept work only from their own personnel.

(M.B.D.)

Our Visitors Say...

Mr. MTA, New York, N. Y.: "The first thing I noticed was the way you people seem to love your company and I'll bet you would fight anyone who said anything against it. I get the feeling of oneness -- that's the best word I find to describe the Reynolds family."

Mrs. AMS, Roanoke, Va.: "I'm originally from England and have traveled rather extensively for several years, but have never found anything that impressed me so much as this visit today. I just wonder if even a small percentage of the employees here realize how fortunate they are. The clean plant, many benefits, absence of unions -- I want to tell them what lucky people they are."

Mr. GP, Lancaster, Texas: "I have been fussing about the cost of cigarettes and now I wonder how they can be sold so cheaply. The tax figure is amazing."

Mrs. GS, Hill Valley, Calif.: "I had no idea that I could visit such an interesting plant. This is the highlight of my vacation. My husband has used your products for years. I never throw away a P.A. can; they are too valuable. I use them for hundreds of things."

program. In addition, "The Supervisor Keeps Posted" was prepared, to provide supervisors with the bulletin policy, giving specific examples of the fields to be covered and stating the pertinent reasons.

UNION ELECTRIC CO.

Union Electric Co. of Missouri at its St. Louis home office maintains a large-scale communications program involving several publications, most of which are distributed to supervisors. The company feels that supervisors should know about all general communications as a background to the supervisory picture. The publications are:

1. *The Employee Newspaper*. This six-page paper is mailed every two weeks to employees' homes. It provides news coverage of employee activities, policy changes, building programs, employee benefits, personnel appointments, organizational changes, power production, safety, etc.

2. *Union Electric Magazine*. This is a part of the employee communications program, although not designed exclusively for employees. It carries timely articles about the company, the industry, and present and future uses of electricity. All employees get it.

3. *Financial Reports*. Annual and quarterly reports to stockholders are distributed to all employees.

4. *Other Communications*. Supplementing these are departmental newsletters and construction newspapers.



UNION ELECTRIC

Supervisors' Bulletin



Supervisors' Bulletin No. 61

January 16, 1956

TENTATIVE SCHEDULE ESTABLISHED FOR MOVING OF COMPANY PERSONNEL TO NEW ADDITION AT CHICAGO ST.

A tentative schedule for the transfer of approximately 350 employees from the St. Louis General Office Building to the two additional floors at the Gratiot St. Service Building, has been announced by Ted E. Gohman, assistant superintendent of generating plants, who is chairman of the committee in charge of moving schedules.

According to the announcement, Engineering and Construction will be the first department to be transferred to the new facilities. Scheduled to occupy the new fourth floor of the service building, E & C will be moved in three groups on successive weekends.

The first E & C group is scheduled to be moved on February 25 and 26, the second on March 3 and 4 and the third on March 10 and 11.

The elements of Engineering and Construction which will be included in each group will be determined by Eugene L. Hough, vice-president and chief engineer, and E & C department heads.

Power Production, Steam Heating and Coal Production and Transportation groups -- which will occupy a portion of the third floor of the addition -- are scheduled to move on March 24 and 25.

Supply Service, a portion of Employee Relations, part of Cashier's and Mailing and the Electro Credit Union -- which will also occupy part of the third floor -- are slated to move on March 31 and April 1.

Small departments and groups, already located at the service building, will be scheduled to move to new quarters in the addition at a later date.

Planning of other phases related to the move is being developed within the six special committees organized several months ago.

Supervisors' Bulletin is an unscheduled publication issued exclusively to supervisors about 10 times a year. It contains information of special interest to supervisors, and often includes advance notice of important company news. A typical issue includes items on transfers of company personnel; progress on construction work in a new building, telephone switchboard alterations; figures on total net power for the system during the year; property evaluation of company subsidiary; progress report on the company's basic supervision program; announcement of supervisory meeting; personnel changes; and so forth.

Another supervisory bulletin, *Reheats*, is also published exclusively for supervisors. Designed to maintain interest in the search for work simplification, it reports on procedures instituted by various departments.

RAILWAY EXPRESS AGENCY

Railway Express Agency, with headquarters in New York City, issues the two-color, monthly publication, *Supervisory Notes*, for its rail express and air express divisions. It is tied in frequently with the company's correspondence course for supervisors called "Management Fundamentals" and, in addition, with the company's monthly supervisory conferences. These meetings, the basic training unit of the company, are held at all offices with three or more supervisory personnel. They provide an opportunity for the review, discussion, and solution of problems relating to supervision and operational practices. The supervisory newsletter is frequently used as the basis for discussion in these sessions.

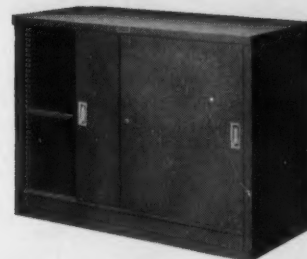
The contents of *Supervisory Notes* include the following types of material:

1. The role of the supervisor in management, as defined by supervisors who analyze their own responsibilities in the company correspondence course.

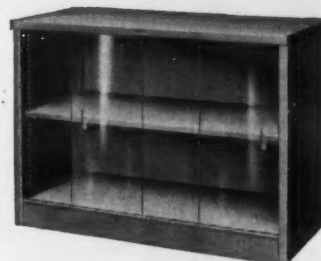
2. A discussion of the implications of Public Law

your choice, gentlemen! 3 "Desk-Hi" cabinets

1

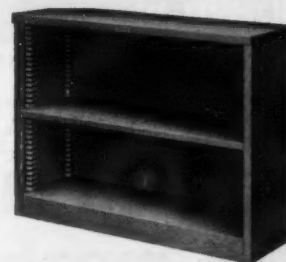


with steel sliding doors



with glass sliding doors

3



open face -- no doors

BORROUGHS "Desk-Hi" cabinets



Handy as the telephone... and a genuine, honest-to-goodness combination cabinet and telephone stand. All models 29" high, and available in depths of 12" and 18". Outside width 38 1/4". 5 colors to choose from. Sliding shelf is adjustable without bolting, and the sliding doors can be removed in a jiffy. A good-looking and practical item for any office. See your local steel equipment dealer... if he does not have these cabinets in stock, he can quickly get them for you.

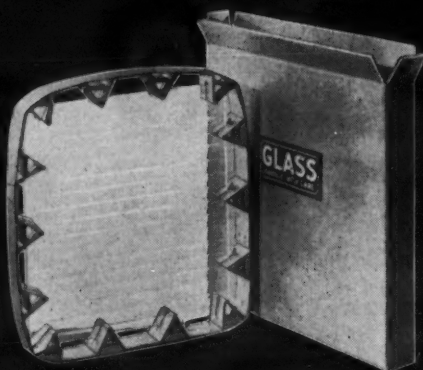
BORROUGHS MANUFACTURING CO.

A Subsidiary of The American Wire Products Company 44-2000

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(Circle number 160 for more information)

IN-CARTON *suspension* reduces glass breakage



Vertical-Horizontal suspension safeguards your product in and out of carton . . . Fewer packaging components required . . . pad folding eliminated.

SUS-RAP is engineered to your product and pretested by N.S.T. procedures

SUS-RAP

Laboratory Developed and Tested Packaging

VANANT COMPANY, INC. 954 S. Water Street Milwaukee 4, Wis.

(Circle number 162 for more information)



**Force
model
150**

Swiftly, thrifty numbering machine

Handles most every office numbering job quickly, inexpensively. Automatic — consecutive, duplicate, repeat; 6-wheel capacity. Sturdy frame, easy action, smooth operation. Prefixed letter wheel when desired without extra cost.

Nine stock combinations, all at one low price!

Facsimile impression
345678



FORCE

& CO., Incorporated

216 Nichols Ave.
Brooklyn 8, N. Y.

Sales Offices NEW YORK • CHICAGO • SAN FRANCISCO • MONTREAL

(Circle 161 for more information)

199, which affects the right of the government to compete with private freight carriers.

3. Developments in advertising and sales, with indicators for new business prospects. (Example: "Current sales attention should be concentrated to a large

Supervisory Notes



No. 87
Issued by Training and
Education, Department
of Personnel, Railway
Express Agency, New
York City

OCTOBER 1955

SUPERVISORS SPEAK UP

RECENTLY, a supervisor said: "If I ever saw my whole job piled up in front of me, I'd give up." Another supervisor replied: "A while ago, I lined up all my job details and then boiled them down to something I could work with. It made the whole job easier."

Supervisors have jobs that look mighty big as a whole, but when reduced to basic essentials they are understood better. A few days ago, the Personnel Department completed review of 798 Management Job Descriptions sent in from the field. In general terms, here is what supervisors said are their principal duties:

- Maintain Good Human Relations
- Maintain Discipline
- Plan
- Cooperate
- Control Costs
- Make Decisions

Employees are our most important assets. Treat them as you would like to be treated yourself. Keep them informed on what is going on in the company. As a supervisor, you are the coach and quarterback of the team. Build team spirit so that your unit functions smoothly. Stand behind your word. Make no promises you can't keep. Remember the basic needs of people—recognition, security, to be one of the bunch, etc. Compliment employees when they do a job well and when criticism is necessary, make it constructive. Know enough about employees so that you can judge their worth to the company. Let them know where they stand with regard to performance. Give instructions clearly and completely; make certain they are understood.

Keep alive their interest in their jobs and the work of the company.

All supervisors should be well posted on regulations and procedures, and should transfer such knowledge to employees. Good discipline improves efficiency. Let employees know that you "stick to the rules" of the game.

The success of the company and the future of our jobs depend on the successful carrying out of long-range and short-range plans. Make sure you know the company's goals and how to achieve them.

Though friendly competition within company units may exist, it is cooperation within a unit that really gets the work done. Make sure that your unit functions smoothly and cooperates with the rest of the division and other departments.

Cut "lost" time. Have your people keep costs down through the use of better methods, care and vigilance. Let them know that every cent spent needlessly requires dollars in sales to make up.

Rules, policies, and programs do not release you from making decisions. Within the framework of your job, you are required to make decisions constantly, both large and small. Think, plan and then act. Run your unit as if it were your own business. You have a joint responsibility to keep the freight moving and to provide satisfactory service. Watch for loss and damage; keep a good safety record.

In brief, essentials of management are planning, guiding and performing. Of these, your principal task as a supervisor is guiding the people who work for the company.

945

extent on wearing apparel and accessories, which can now move at reduced rates under provisions published in ICC 8141.")

4. Safety: reviews and suggestions.
5. Suggestion program: stimulating interest and activity.
6. Rates and tariffs: questions and answers.
7. Good housekeeping.
8. Handling of claims.

There is a close working relationship between the supervisory newsletter and the monthly publication for REA employees. Newsletter material primarily of interest to supervisors can frequently be applied to employees in general.

CINCINNATI AND SUBURBAN BELL TELEPHONE CO.

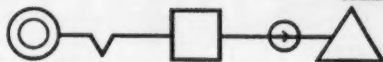
The Cincinnati and Suburban Bell Telephone Co. produces a flexible type of supervisory newsletter entitled *Managers Digest*. The masthead of the letter remains the same except for color changes but the method of reproduction of the letter is frequently varied: e.g., occasional special reports or studies appear in printed form; news bulletins are produced quickly on mimeographed sheets.

There is no scheduled date of publication, and

Managers Digest

Vol. 1, No. 19

DECEMBER 2, 1955



Clerical Operations Cause Concern



For the past several years American industry, as never before, has had to wage a vigorous battle against rising costs. It has been necessary to fight this battle just to stay in business. This war on costs continues unabated today. It has been forced on business by many factors.

Unprecedented growth, inflexible schedules, difficulties in getting materials, shortages of trained employees, and lack of time for basic planning have all entered the picture. If we add other cost elements peculiar to these times—inflated prices, high taxes, controls and the reports which always go with them, a tight labor market, and increasingly keen competition for the consumers' dollar, it becomes clear why the problems of staying in business have multiplied.

Furthermore, the conditions just mentioned are those most favorable to the growth of the most insidious menace of them all—needless expenditure for useless detail. A sizable portion of this expenditure is directly tied to clerical operations, or in ordinary terms, "paper work." Unless painstakingly controlled, paper work can become a vampire sapping the life blood of a business enterprise.



This fact is sharply pointed up by a table, reproduced here with permission, which appeared in the September, 1955, issue of "The Office." It reveals that the minimum cost of processing each five-character word or number by each person preparing each report is over one cent per word! We believe that this table fairly represents the facts.

this newsletter is distributed about once a month to all 650 members of the management force. It deals with policy matters and is on a higher level of understanding than the average supervisory newsletter.

Studies on subjects of interest to specific groups are occasionally included. One issue, for example, was devoted entirely to clerical operations. This report showed in graphic form the time and cost of processing each word and number in most typical reports; itemized clerical work by departments; showed how clerical operations committees work; stated the objectives and programs of the company's clerical operations committee; and concluded with a number of suggestions as to how managers could help.

Other special reports have covered such topics as the story of public-utility regulation, results of a manager-attitude survey, and reasons for favoring the retention of Ohio's present rate law.

During a bargaining period, a series of bulletins was issued to keep management informed of current developments.

The Cincinnati and Suburban Bell program offers an example for the smaller company, which not only can produce bulletins of current news interest, but can also prepare special reports of greater length thus providing valuable background information for supervisors.

LINE MATERIAL CO.

Line Material Co., at Milwaukee, mails a confidential newsletter to the homes of 650 supervisors about twice a month. It is a simple, mimeographed publication with a standard heading in color. Issues are of varying length, and pages are stapled.

Line Material has 10 plants and 70 major sales loca-

APRIL 1957

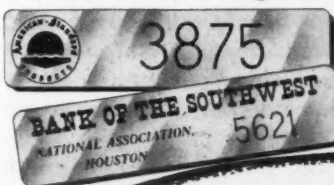


PROBLEM-SOLVING PARTITIONS WOOD·ACOUSTICAL·STEEL

When it's time to move or modernize plan to install GR movable partitions: low cost... easy to install... easy to move. In wood, steel, acoustical or non-acoustical. Heights from 42" to 14'. Write for free information.

See Sweet's AF 22a
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GR Products Inc.
2417 EASTERN, S. E. GRAND RAPIDS, MICH
(Circle 164 for more information)

SERIALLY NUMBERED
Autographs



*The "Tags" they endorse
for Positive Property Control!*

Want a more efficient Property Control system? Identify with Serially Numbered "AUTO-GRAPHS"! They're adhesive-backed... so easy to mount... attractive, durable and economical, too. Millions in use meeting every demand for positive Property Control. Just for the records... your Property Control records... there is no finer tag!

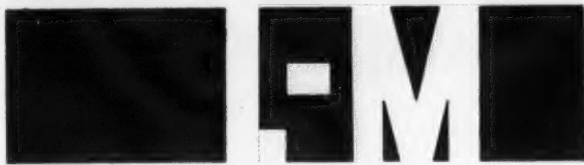
**PROVE IT
TO ME!**

I'm interested in more efficient Property Control. Send free samples, literature and your Property Control pamphlet.

NAME _____
COMPANY _____
STREET _____
CITY _____ STATE _____

METALcraft INC.
MASON CITY, IOWA, U. S. A.

(Circle 163 for more information)



CONFIDENTIAL

May 27, 1955

SETTING UP IMPROVED PROCEDURES for cost control highlighted discussions at the first of two annual meetings of L-M accountants in Milwaukee May 23-25. Forty-five from all plants and the Milwaukee Office attended the sessions.

WINT IS PROBABLY A RECORD in contract negotiations is reported by Assistant Counsel Lou Parent, who said it took only three hours to agree on a new contract with the Central Plant guards. First meeting with IAM at East Stroudsburg is set for June 2. Contract expires July 1.

AWARDMENT OF AWARDS to three L-M supervisors for their "contribution to executive skills" was made by Research Institute of America. These were among only 200 such awards given to individuals in industry nationally this year. Leslie Seych, Superintendent of Machining, and Walter Hanson, Production Control Manager, both of Kyle, got recognition for implementing new methods of production scheduling. This was part of a program that the Milwaukee Manufacturing Control Department assisted in establishing. T. J. Anderson, General Manager, Racomb, was cited for sponsoring unique "preaching party" when he was Sherman Plant Manager.

FOUR-DAY TIC IN PLANT SAFETY CONTEST lead to unique distribution of awards to winning plants - Birmingham, East Stroudsburg, Barton and Sherman. Each got 200 bill for going through 1954 with no lost time accidents. Then it was set up that each plant would get \$1 for each day worked during 1955 with no lost time accidents. Birmingham dropped out April 15. Use of the money is at the discretion of the plant safety committee.

L-M'S FIRST "POPULAR STYLE" MOVIE, using professional actors and non-technical pitch, is now being filmed in Appleton, Wis., under the direction of Jack Conroy, Special Promotion Supervisor. How good lighting helps to curtail fires and accidents and enhance retail areas is the theme of the 20-minute full color production. It is tailored for television showing where applicable in L-M sales districts.

DISCUSSION OF TRENDS IN ELECTRIC POWER INDUSTRY occupied the attention of 50 L-M executives and supervisors meeting with the editorial board of ELECTRIC LIGHT & POWER magazine May 17 in Milwaukee.

BARTON CONTINUES TO SET NEW RECORDS in production and shipments. Plant Manager Len Bowman reports April biggest month in history - sees May about to top that.

tions, and considers the *L-M Memo* an important medium of supervisory contact. The company follows a firm policy of advising its supervisors in advance of all other groups: In times of emergency, the newsletter material is telegraphed or phoned directly to all plant managers and sales division managers for general dissemination.

The material is kept on a strictly confidential basis, although much of the information may subsequently be released to the public. This confidential device gives the company freedom to relay much more information of importance to the supervisor in the performance of his job. So far, there has been no evidence of any violation of this confidence.

Recent issues have dealt with the following subjects: New labor agreement or negotiations; new markets and products; price increases in products and materials; quarterly round-up on how every product line did in incoming business and shipments; personnel promotions; plant-renovation programs; and so forth.

The editor of the *L-M Memo* gathers his material from three sources: 1) contributions from the field, from designated correspondents, and others; 2) vice-presidents in charge of sales, engineering, and manufacturing, and other officials who provide news of current interest; and 3) the director of personnel, who furnishes publicity material from the weekly committee meetings.

When introducing the *L-M Memo* to supervisors, the director of personnel attached an introductory note outlining the policies and coverage. The letter identified the editor by name and encouraged readers to contribute local information from their territories. m/m

FREE LAYOUT SERVICE

...assures better storage facilities for less money

Take advantage of Equip-to's Free Layout Service to obtain valuable advice on the number and type of storage units to buy ... complete floor plans and elevation drawings showing best way to arrange units within your allotted storage area. You will thus be able to make maximum use of your floor space, save steps, speed customer service, and simplify inventory and stock control.

If you would rather lay out your own facilities, send for fact-crammed, fully illustrated booklet, "How to Solve Your Storage Problems."

Both "assistants" are further evidence of Equip-to's primary concern with providing super-efficient storage facilities—not in merely selling equipment.



Equip-to

Division of Aurora Equipment Co.

165 Prairie Avenue, Aurora, Illinois
Steel Shelving . . . Parts Bins . . . Drawer Units
(Circle 165 for more information)

VEEDER-ROOT

Any number of
Control Systems
can be based
on the
VARY-TALLY



Simple punched-card systems, based on Vary-Tally Multiple Unit Reset Counters, give complete and up-to-the-minute cost and stock-control information by types, colors, sizes, textures, grades, customers, or other classifications. Also keeps production geared more closely to demand. Let us show you how easy it is to develop a Vary-Tally system for your particular needs.

VEEDER-ROOT INC., Hartford 2, Conn.

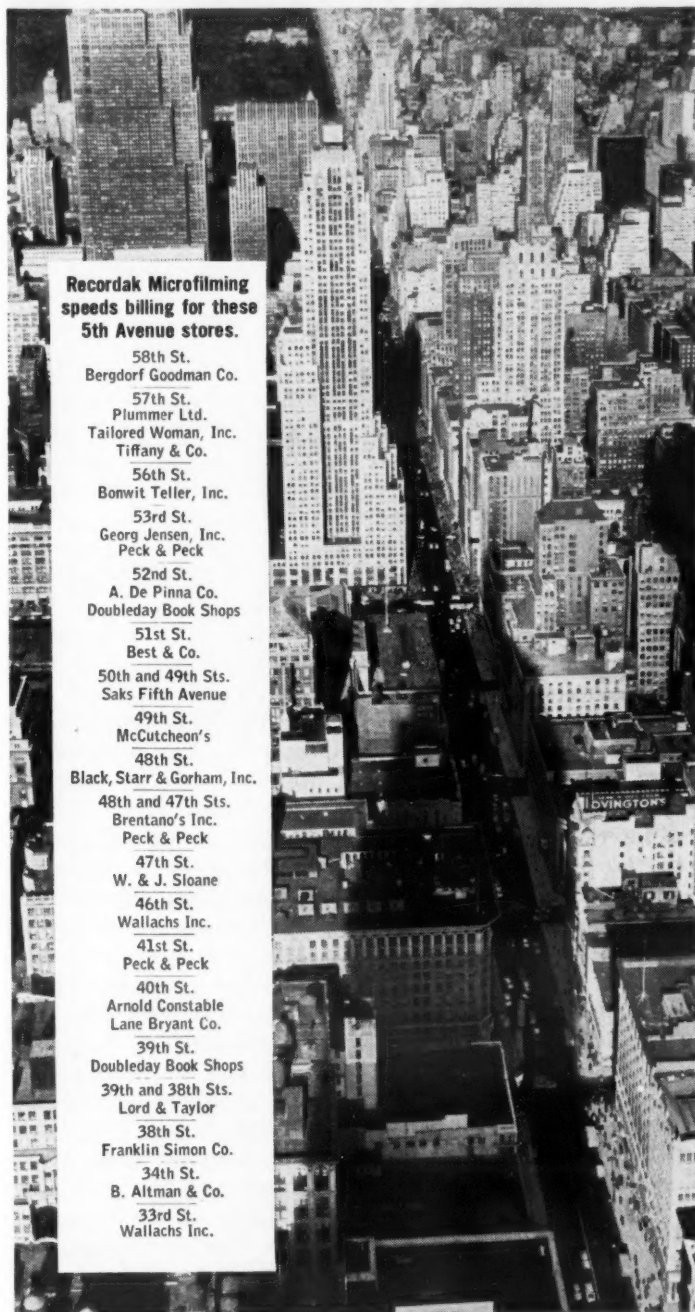
"The Name that Counts"

(Circle 166 for more information)

MANAGEMENT METHODS

Short cuts with Recordak Microfilming

Latest report on how this low-cost photographic process is simplifying routines for more than 100 different types of business . . . thousands of concerns



Recordak Microfilming speeds billing for these 5th Avenue stores.

58th St.
Bergdorf Goodman Co.
57th St.
Plummer Ltd.
Tailored Woman, Inc.
Tiffany & Co.
56th St.
Bonwit Teller, Inc.
53rd St.
Georg Jensen, Inc.
Peck & Peck
52nd St.
A. De Pinna Co.
Doubleday Book Shops
51st St.
Best & Co.
50th and 49th Sts.
Saks Fifth Avenue
49th St.
McCutcheon's
48th St.
Black, Starr & Gorham, Inc.
48th and 47th Sts.
Brentano's Inc.
Peck & Peck
47th St.
W. & J. Sloane
46th St.
Wallachs Inc.
41st St.
Peck & Peck
40th St.
Arnold Constable
Lane Bryant Co.
39th St.
Doubleday Book Shops
39th and 38th Sts.
Lord & Taylor
38th St.
Franklin Simon Co.
34th St.
B. Altman & Co.
33rd St.
Wallachs Inc.

HOW FAMOUS 5th AVENUE STORES CUT BILLING COSTS, INCREASE GOOD WILL

New York, N. Y.

Take a stroll down 5th Avenue. Drop into any of the renowned stores and shops. Chances are they're using Recordak Microfilming to bill charge-account customers.

Reason for this—

Microfilming the customers' saleschecks—and sending them out with the bills—eliminates a description of each purchase and a listing of each price. Only the sales check totals and credits go on the bill. This cuts posting operations as much as 85%. Complete film record of all accounts can be filed at fingertips—ready for immediate review in Recordak Film Reader.

Customers, on the other hand, find it much easier to recall charges with the original sales checks in hand. Questions about bills are reduced by as much as 80%.

It's much the same story off 5th Avenue—a few doors away you'll find Abercrombie & Fitch, Brooks Bros., Stern Bros., Liberty Music Shops . . . and so it goes. Not only in New York but Anywhere, U.S.A. For it pays retailers with as few as 2500 charge accounts to use Recordak Photographic Billing.

Free booklet "Short Cuts that Save Millions," shows how you can save with Recordak Microfilming regardless of your type of business.

"Recordak" is a trademark

RECORDAK

(Subsidiary of Eastman Kodak Company)

**originator of modern microfilming—
and its application to business routines**

MAIL COUPON TODAY

RECORDAK CORPORATION
415 Madison Avenue, New York 17, N. Y.

Gentlemen: Please send free copy of "Short Cuts that Save Millions." C-4

Name _____

Position _____

Company _____

Street _____

City _____ State _____

(Circle number 167 for more information)



New Recordak Reliant Microfilmer gives you up to 80 pictures for 1¢



How public relations helps you launch a new

Public relations can't transform a weak product into a strong one. But if your new product is worthy of success, PR can make it more successful. Even when your product is not startling enough to warrant front-page news coverage, an imaginatively conducted PR program can help you build a bigger market faster.

Public relations can make a more direct and measurable contribution in connection with the launching of your new product than in any other phase of your company's activity.

PR, combined with other methods, can serve as your strongest means of getting your new product known and accepted. On the other hand, if PR is not integrated with advertising and the other aspects of your new product launching, then your introduction may fall well short of anticipated and actually attainable sales during the initial months of merchandising.

How new is your product?

The Department of Commerce offers the following advice to manufacturers: "The chances of developing a new product which the public needs and wants, and which is wholly and completely different from any other product, are extremely small, and therefore it can be accepted that your new product

will enter a competitive market in which it will have to win the battle for orders against stiff, intelligent competition. It will have to be made better, or cost less, or be sold more aggressively and intelligently—preferably all three—in order to win a profitable share of the market."

This is sound marketing counsel and good PR thinking, too.

The "newest" products will get the most extensive news coverage. If your product is simply a dressed-up version of a similar gadget that another company introduced six months ago, you have one strike against you from the start. Your product may have the sales potential the other lacked, but it still isn't *news*.

There are, however, many ways to extract news from a product that lacks all the startling originality of the first wheel.

The "news" may consist of a new size, such as the first king-size cigarettes; a new package may sim-

plify its use, or greater durability may lengthen its life and thus reduce its actual cost. New paints may lack that old familiar odor, dry more quickly, have clearer colors. Outdoor furniture may be waterproof, chip-proof; outdoor play equipment may be safer for children. All these facts are important in the promotion of a product, whether the product itself is actually "the first of its kind."

A sound PR campaign can be planned only on the basis of an honest appraisal of the product. Don't try to delude your PR man into thinking your product is brand new when it's just a modification or improvement on an existing item. Your PR man must deal with reporters and editors whose job is to know business markets thoroughly. An experienced PR man will not allow himself to be misled by the stardust in his client's eyes. He'll want to know everything about the product, and everything you, as the manufacturer, know about competitive products. Far better to tell him all the facts and let him plan your campaign on a realistic basis, than to force him into a false position. The PR man who goes to editors with a "new product" only to be told by them that it's not really an innovation, is off to the worst possible start—and so is your "new" product.

Planning the basic strategy

Your PR strategy depends largely on your marketing strategy. Are you introducing your product na-



To introduce a battery shaver, a "shaving breakfast" for editors

product

by Bill Ruder and David Finn

Ruder & Finn, Inc., New York



From mastodon to frozen bread

tionally, or are you working on an individual market basis? Is your product a high cost per unit item, or something to be sold by the millions in the local five-and-ten-cent store? Are your potential customers part of a specialized group—doctors, lawyers, sportsmen?

The first step in planning a PR campaign is to analyze your market and decide precisely what particular groups you want to reach—and when.

In the 100 major cities of the country there are approximately 5,000 news outlets including daily and weekly newspapers, the foreign language press, radio and television stations, company house organs, and local trade editors.

A local publicity man in any one of these 100 cities knows exactly how to reach each of these potential news outlets, but it takes specialized and time-consuming work

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on his part, and money on yours. A rule of thumb would be \$500 to \$600 a city for a saturation new product PR campaign.

In addition there are about 250 business and new product editors throughout the country who might be interested in your story. And there are probably half a dozen (maybe more) categories of "trade editors," with anywhere from 50 to 500 editors per category who should be given information on your new product.

Whatever your product may be there are literally hundreds, and probably thousands, of reporters and editors who might write about it if they were given the proper information properly prepared for their particular needs. No matter how extensive your PR program may be, there will always be additional reporters whom you will not reach, and with a little more effort, could reach.

The potential is vast. Your PR man's job should be to select from this potential and recommend to you a plan which will fit into your marketing strategy. Your new product public relations budget will be determined largely by this type of planning.

News pegs and introductions

No matter how extensive the pre-planning part of your campaign

CONSUMER PANELS: how to

Authors Bill Ruder and David Finn point out in their article on these pages that public relations can help you market a new product only if the product itself contains real sales merit.

But how can you tell—in advance—whether your new product will win customer acceptance?

In recent years, more and more companies have been turning to consumer panels to predetermine the sales appeal of their products. Such panels—composed of a cross-section sampling of potential customers—have saved companies millions of dollars by 1) revealing the reasons why some products should never be marketed, and 2) bringing to light aspects of products that should be improved to make them marketable or more marketable. Further,

is—the part that covers the “when” and “where”—there comes a time when the PR man must add the “how”—the news peg in the story itself, or an unusual method of presenting the story to reporters and editors. Obviously, the character of the introduction should be dictated by the character of the product and the features about it that are actually “new.”

News pegs and unusual introductions are not dishonest gimmicks. They are ideas that will help to sell your story to reporters and editors, and finally to capture the attention of your ultimate audience—your customers.

Here are a few suggestions on “how” a new product can be launched:

1. Make use of big names associated with the project.

A well-known designer, engineer or even user of the product can lend his name to the initial PR promotion. Obviously, it should be a person whose very name is news.

Several years ago when a baking company developed the first frozen bread ever to be marketed, the big name approach was used with almost unparalleled success. The head of the company recalled reading one of Admiral Byrd's books in which he told of finding frozen mastodon meat, thousands of years old, which, when thawed,

pretest a new product

pretests using consumer panels have helped many firms increase their new product sales and profits by revealing the product features that have special appeal and that can be played up in merchandising and sales promotion.

In addition to serving as a guide in evaluating market potentials, consumer panels are used to help sellers ascertain brand position, establish quality controls by comparison of a product with competitive products, gauge customer use habits—and solve other marketing problems.

One of the most highly respected organizations providing consumer panel services has recently published an objective, 16-page booklet detailing the operation. For a free copy, circle number 240 on the Reader Service Card.



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was as fresh as if it had been killed the day before. Result? Admiral Byrd was the guest speaker at a press luncheon for food editors; the story was front-page news all over the country, and the *Reader's Digest* ran the story six months later.

2. Find a clever and interesting way of presenting the product to the editors.

This is a good technique to remember when the celebrity treatment mentioned above cannot be utilized. Something a little unusual will set the product above those that are introduced by a routine press release.

When a manufacturer of electric shavers developed a battery operated model, the PR men decided to introduce it market by market through the country in a series of special "shaving breakfasts" for local editors. Through this unusual method the editors became personally intrigued with the advantages of the shaver.

The manufacturer of Flav-R straws, deciding that a press conference or luncheon was unwarranted, sent cartons of milk to editors with their new straws packaged with the milk.

This type of personal treatment gets your product right into the editor's hands, demonstrates its value and provides that extra touch that may mean the difference between thorough editorial treatment and none at all.

3. Play it straight.

This no-nonsense approach can and, indeed, should be used when the product news is sufficiently clear-cut to warrant handling by simple distribution through the mails of well-prepared materials.

Recently, for example, a company developed a large loom that sold for about \$40,000. The "newness" of the product lay in its relative size to previously produced models and the increased efficiency it offered. A top-notch industrial photographer was retained to take a series of photos especially geared for news purposes, and the portfolio was distributed to key editors accompanied by well written engineering and production information. This "straight" approach paid off in excellent coverage.

Another case in point was the introduction of an antiseptic cream which serves the same purpose as iodine but does the job more effectively and painlessly. As an important contribution to the proprietary drug field, the product obviously needed no special gimmicks. The PR men prepared a series of articles on what this new cream would mean to the housewife, the doctor, the sportsman, the teacher, and others. This collection of press releases, accompanied by photos illustrating each point, was distributed as a press kit (with a sample of the product included) to more than 1,000 editors. The entire program was completed in six months, which is a good average for a new product introduction campaign.*

Other do's and don'ts

No matter how carefully you and your PR men plan over-all campaign strategy there are lesser areas where things can go wrong—or go right, depending upon the foresight of your public relations team and your own realistic attitude towards your product.

Here are some do's and don'ts to bear in mind—general rules that will help avoid all-too-common mistakes.

1. *Don't* mix potential customers and newsmen at the same luncheon, dinner or cocktail party when presenting your new product. These two groups have different interests, and you must slant your presentation to meet their special interests. You can afford to "sell" the potential customers; after all, they are interested in what your product can do for them. But if you try to "sell" a newspaperman he will undoubtedly be annoyed.

2. *Don't* expect blazing headlines as a result of your new product announcement. Launching a new product is like opening a Broadway play; you never know what the critics will say, no matter how experienced you are. Be confident that even if you don't get the big play you were hoping for, a good, workmanlike new product PR campaign will pay its way.

3. *Do* recognize that new product publicity, in addition to boost-

*A copy of the outline for this campaign can be obtained by writing the authors in care of MANAGEMENT METHODS.

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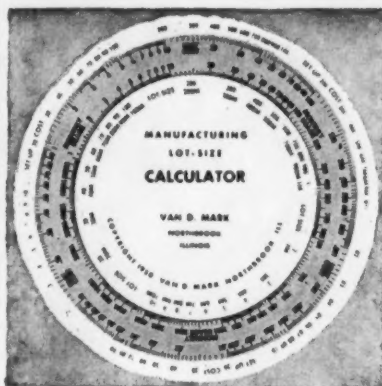
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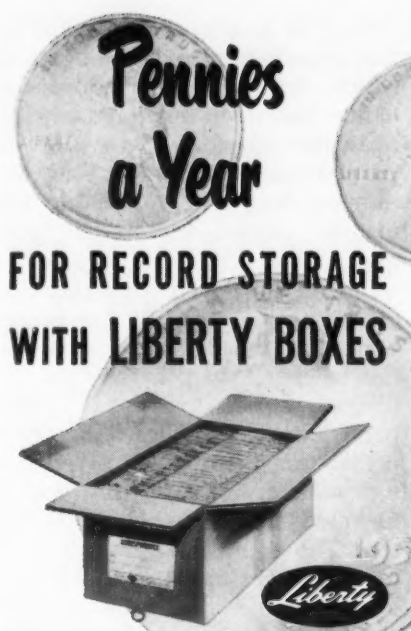
ing sales, is actually a valuable tool itself. There are many ways to merchandise your new product publicity; to make it, in effect, do its work again and again for both your sales staff and your customers (see "How to use publicity as a sales tool," MM, Jan., '57).

4. Do spend more money rather than less to prepare the proper material, both written and photographic, for the press. Be sure that the releases and photographs are not "advertising" in nature; no retouched pictures, no "hard sell" copy. This material is (or should be) designed for direct use by editors.

5. Do give special thought to all possible newsmaking activities in your new product campaign. The actual unveiling of the product may be only one of many pieces of news you have to announce. You may have formed a new division to manufacture the item; new personnel may have been appointed to handle it; a special advertising campaign planned for its promotion; new distributors appointed to sell it. All these facts can supply additional news pegs for secondary releases, each one of which emphasizes again and again the fact that your company has introduced a new product.

6. Do think of other-than-routine follow-up stories—an "extra" public relations campaign for your product once the initial introductory work is completed. This is the time when more creative public relations activities can be undertaken. Special PR programs designed for individual organized groups (the Boy Scouts, various special interest clubs) for communities, schools and so on will help to build a deeper awareness of your product in the minds of the public, and insure future sales.

A public relations program should be a continuing, integrated segment of your total merchandising structure. If it is not, then the opportunities offered by the introduction of a new product should provide the incentive for testing the value of a PR campaign. Public relations is not something that can be handled effectively as a sideline by one of your junior executives; it is a tool that can be employed best by an expert. m/m



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MANAGEMENT METHODS

Plant site

(Continued from page 43)

up this convenience for the uncertainty of fringe area service.

Firms relying on LTL shipments are best advised to investigate suburban trucking service *before* making the move. Many firms have found suburban tax savings eaten up by the cost of an additional truck or station wagon needed just to pick up and deliver from city truck and rail depots to avoid delays.

The degree to which distance from major financial institutions creates a problem will, of course, vary widely with individual circumstances. Except for payroll purposes, this was not a major consideration for Soabar. However, for firms relying on bank financing or factoring, distance can prove a barrier in more ways than one. Lending institutions are subject to human emotions, and being geographically close to them can often put a firm "closer" to money markets.

These urban advantages were weighed against the city's disadvantages—high taxes (real estate and other), traffic congestion, air pollution (from neighboring plants, as well as from the standpoint of meeting the city's anti-pollution standards) and high ground costs.

These factors were studied in light of the previously considered suburban sites for a new plant. And it was here that the real work had to begin. All factors pointed to the city as the best location for Soabar. But how could the additional room be provided for an efficient working arrangement?

Urban expansion

It was here that Soabar's management team crystallized its thinking in terms of workflow and possible physical layouts in relation to production efficiency. It was found that the original thinking about a one-floor layout, which had been proposed for the suburban plant, was like using a jet plane to fly from Philadelphia to New York—an unnecessary luxury. From conferences and work studies it was determined that a two-story addition to the present plant could

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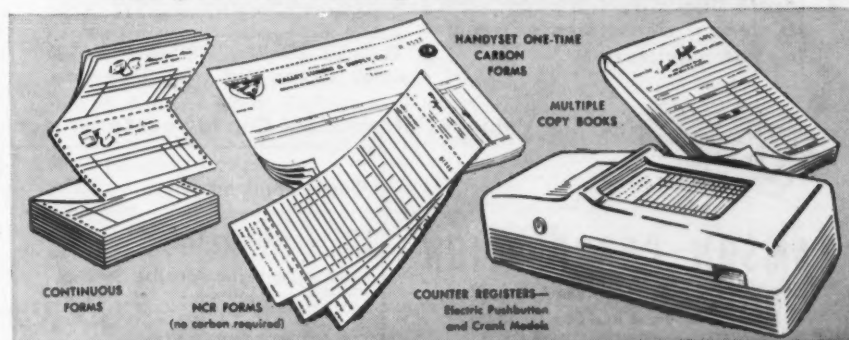
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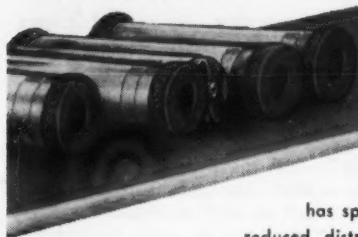
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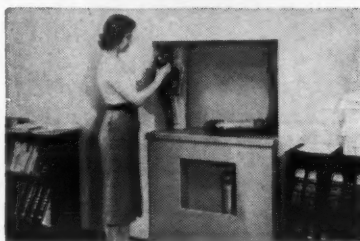


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113

(Circle number 177 for more information)

Plant Site

provide all the needed additional facilities.

It was found that if five properties adjoining the plant, on which homes stood, could be obtained, space would be available to meet not only immediate expansion needs, but future needs as well. The owners of the five homesites were approached and found willing to sell at reasonable figures.

Soabar has always believed strongly in good community relations. Before completing the transactions for the purchase of these homesites, Soabar employees and executives made personal calls on all families living in the vicinity, told them what the company wanted to do (even showing color sketches of the proposed addition) and asked these residents how they felt about the expansion plan. All homeowners in the area appreciated this courtesy and Soabar received a 100% vote of confidence.

The properties were purchased, the homes razed, and work was begun for the erection of the plant addition. The job was planned so that time could be saved by moving departments into the new building as various sections were completed. Over-all costs for the entire job were far below what it would have cost to uproot and build a new plant on "cheap" suburban ground.

Perhaps other firms with a yen for country living might profit by Soabar's example, and give full consideration to what can be done in their own backyards.

To move or not to move?

No one rule, of course, can apply to everyone. Each firm will have to weigh all the facts concerning its own operation and needs before deciding the best solution.

As a general guide, however, the following considerations should prove helpful in deciding whether to move or not to move—and where:

- Analyze your requirements from the standpoint of square footage required. Invite your production heads to contribute their ideas on the advantages and disadvantages of several plant layouts (a one-

floor layout may be a costly luxury in the long run for some firms; it may be a competitive necessity for others).

- Determine the physical maintenance costs of your present plant per year. Some firms may find—to their surprise—that what they are spending for maintenance could be paying for a new building.

- Estimate your moving costs and add in lost production time and other hidden costs of moving.

- Take into consideration shipping and receiving difficulties you will encounter in a suburban area which will create continuing expenses above and beyond those incurred in the city (extra vehicles, maintenance, salaries and the contingency of possible production interruptions due to delayed deliveries).

- Analyze labor sources carefully for all areas under consideration. Determine as closely as possible the number of skilled, experienced personnel you might lose (or gain) by moving.

- Add to suburban taxes the possible hidden costs of fire protection, increased insurance costs, sewage disposal and maintenance.

- Consider that taxes, currently one of the suburb's chief advantages, may soon become less attractive. Partly due to the increased population brought to them by industries, the suburbs are faced with building new schools. Of course, most big cities are undergoing school construction, too. But the difference is that suburbs will be building solely with low-value dollars. The cities (having built their schools over a long period of time) base their tax structure on the average of their many years of construction with high-value—as well as low-value—dollars. While it is the suburbs' earnest desire to keep taxes low, if they continue to grow at their present rate some areas may be forced into substantial increases.

Careful evaluation of all these factors will make your move a wise and profitable one. And the surprisingly little time and money required for such a study will prove to be one of the best insurance policies you've ever bought. m/m

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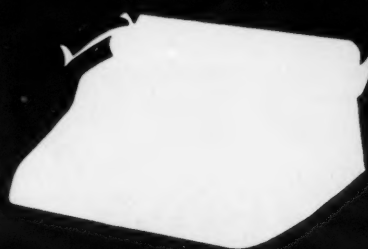


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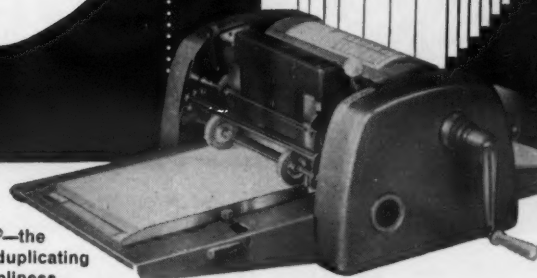
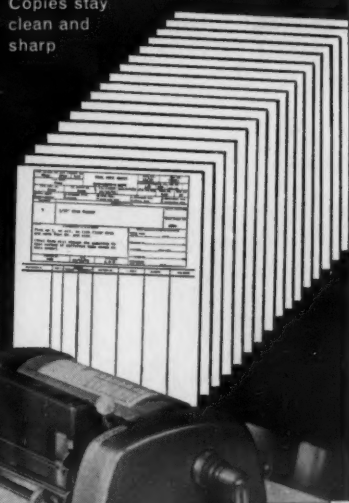


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PROFILE OF A NEW KIND OF MANAGER

(Continued from page 54)

planned before the course begins. The men taking the course are warned in advance that failure to qualify in this course might mean a limited future with the company. After "graduation" these men receive further training from their district manager before they start calling on customers alone.

Q.: What do these men study?

Dixon Jr.: Basically, the course includes three days of orientation at the Pittsburgh home office, four weeks of Rockwell and "psychological salesmanship" training, seven weeks of product training in service department methods, repair parts, advertising aids and salesmen's paperwork procedures. Product training is carried out at five Rockwell plants, each making a different product classification.

Q.: Do you set up a special train-

submitted to company executives and product managers for review and revision as necessary. These lectures—together with charts, drawings and other supplementary material—are bound in five separate manuals, about 200 pages per manual. Each one covers a specific phase of the training, and copies are provided for each "student."

Q.: How about shop training for salesmen?

Dixon Jr.: Shop training is intensive and is heavily emphasized. All principal Rockwell meter and valve products are taken apart, re-assembled and tested. The same is done with all important competitive products. During shop sessions, we assign one instructor for each two students to make sure of personal attention.

Q.: How is management informed

instruction on assembly and disassembly, interest, ability to express thoughts, personality, appearance and general conduct.

Q. You mentioned psychological salesmanship? What does that include?

Dixon Jr.: We find that product knowledge and sales techniques are only part of a man's needs. A sound training plan must also be geared to the psychological needs of the trainee as an individual.

Q.: Do you mean building a man's interest in his job?

Dixon Jr.: To attract and keep top drawer men as career salesmen, we must effectively but unobtrusively sell *selling* and the importance of being a salesman. We must create



"To attract top men, we sell the importance of being a salesman."

Dixon Jr.

ing department for this or use a company faculty?

Dixon Jr.: Altogether some 100 Rockwell employees from board chairman to shop men take part as instructors in various phases of the training. Incidentally, we conduct training "schools" for these shop men to help them become better instructors. To make sure each instructor contributes information of most value to sales engineers, lectures are written out in advance or outlined in detail. They are then

of progress made by the trainees?

Dixon Sr.: Complete individual records are kept on each man—including results on the 50 or more written quizzes. Special evaluation forms are filled out on each student during each phase of training by at least two qualified sales management officials.

Q.: What factors are given the heaviest weight in this evaluation?

Dixon Sr.: The reports cover attendance, classroom assimilation, mechanical aptitude, retention of

interest and job challenge—it can't be done by medicine show techniques like the piano-pounding and back-slapping Monday morning sales meetings. We want our program to turn out self-sufficient, order-producing men. We want each to have confidence in himself, in his sales techniques, and in his ability to perform his sales responsibilities effectively.

Q.: So much for the new men. What about keeping the regulars up to date?



"To design and tool for special production runs is a poor gamble."

Rockwell

Dixon Sr.: We never stop training. All men in the field are brought back for refresher courses—at what we call the "second level" of training. And on top of that we have added a "third level"—a series of "information exchange" sessions attended by top salesmen from every corner of the country. Actually, we often learn as much from these sessions as the salesmen attending them.

Q.: How fast does management get company-wide sales information?

Dixon Sr.: We've devised a system to get complete operating reports of each division's activities five working days after the month ends. This is financial material, and it tells us where we stand quickly. This information can be put to use immediately while opportunity for effective action is greatest. Our consolidated statements show sales,

sales costs and manufacturing costs, general expenses and gross and net profit. We've had to set up special procedures, such as schedule cut-off dates, and deal with representative values in order to get information this fast, but we've found it gives us greater flexibility and a time advantage.

Q. What about market research? How does this fit into your marketing operation?

Rockwell: Our market research department was formed in 1946 to help us try to get the fullest possible return from all potential markets. It's a staff function, ultimately reporting to the president. This setup is aimed at emphasizing long range objectives rather than today's problems.

Q.: What specific marketing opera-

tions has the department been involved in?

Dixon Sr.: A while back we called on market research for analysis of a line of valves dissimilar to those we now make. We knew the tooling and sales introduction costs would be heavy. We wanted to know if our timing was right.

Q.: What did they do?

Dixon Sr.: They conducted a comprehensive survey—visited users, jobbers, manufacturers and suppliers of materials. They stressed applications, sizes, and then related their facts back to market potentials.

Q.: What did they recommend?

Dixon Sr.: They said we were premature—that we should continue experimenting and wait until signs of a trend appeared, particularly in reference to sizes needed.

(Continued next page)



"We've met
the problem
of training
head-on."

Dixon Jr.

So far it looks like they were right, it's a "cat and dog" market and no one has an acceptable standard valve yet.

Q.: How about tomorrow's products? Can research and development be carried out effectively over such a broad range of products and markets as you now have?

Rockwell: We think so. We spend about 2½% of sales on research and development. Research facilities are maintained at 15 laboratories with about 250 of our people engaged on research, engineering and development problems.

Q. Are most Rockwell products developed internally or picked up in buying new companies?

Dixon Sr.: It's a mixture, but we can't afford to gamble that we'll be able to make every acquisition we'd like, so we invest heavily in research. I'd say that more new products came from research and development than acquisitions in the last five years. We expect some interesting new developments from them in the future too.

Q.: What sort of products are they working on?

Dixon Sr.: As for the broad outlines of what we're doing, I can say we are emphasizing magnetic, electro-magnetic and electro-me-

chanical measuring instruments in the meter and valve division and comprehensive study on applications of present products to atomic energy uses. We are also emphasizing product improvements, new methods of power and new methods of cutting materials in the Power Tool Division.

Q.: Can you give a specific example?

Dixon Sr.: Probably the best example in recent months is our new "T-70" tank truck meter which we're about to market. The technical details probably wouldn't mean much to you, but, to oversimplify, it has improved accuracy, higher capacity, less weight and a compactness not found in today's meters.

Q. What are you doing in the area of atomic energy?

Rockwell: Just about every company president today will assure you his company is making serious investigations into the effect of atomic energy technology on his company's products. I can make that statement, too, but I'd like to explain our current thinking. Reactor technology is still experimental and subject to rapid change. To design and tool for specials in the hope of profitable production runs is a poor odds gamble

if the process becomes obsolete. We are approaching atomic energy from the research and development angle rather than the production angle.

Q.: Where is this work done?

Rockwell: A fair-sized part of our East Chicago laboratory has been set aside specifically for product experimentation in atomic energy problems. A study group manned by our top product engineers and the East Chicago staff is directed by our vice president of research. It is charged with the responsibility of evaluating true potentials in the atomic energy field.

Q.: Then your policy is not to rush into this field?

Rockwell: I hope we're never so blinded by the glamor or mystery of atomic energy that we fail to realize the products we furnish must meet the same profit standards we require for a return on investment in any new market we enter.

Q.: But Rockwell products are being used today for atomic energy purposes, aren't they?

Dixon Sr.: Yes they are. We have an important stake in the industry that produces the world's electrical requirements. We have furnished valves and measuring equipment for the construction of existing experimental reactor processes and expect to continue to do so. We've learned a great deal about corrosion and radio-activity problems and will learn more—but we won't plunge off into speculative production just to say "we're in atomic energy too."

Q.: What about your Canadian market, Mr. Rockwell? Is it growing?

Rockwell: The Canadian portion of our business is definitely growing. We bought a Canadian company in 1953. They continue to make and sell Beaver power tools and a line of electrical conduit fittings. A number of our products have been sold in Canada for a long time, but we actually began manufacturing Rockwell products there a little less than two years ago.

Q.: What Rockwell products are you selling there?

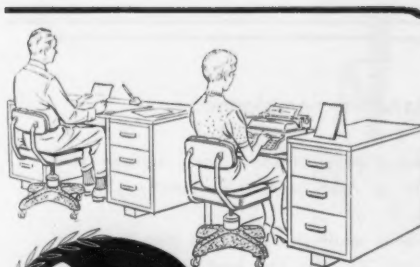
Dixon Sr.: Rockwell gas meters, regulators and other measuring and control devices are made at our Guelph, Ontario plant. As time goes on we plan to enlarge our operations in making more of our gas, petroleum and Delta power tool products in Canada for Canadian requirements.

Q. What's your formula for selling other export markets?

Rockwell: International markets, subject to uncertainties of international politics, can appear, disappear and change with startling suddenness. To sell abroad you must be aggressive. Business doesn't come over the transom; we send men into the markets and we back them with consistent advertising and on-the-spot merchandising. Servicing is another fundamental. Distance from supply source, less brand knowledge and less engineering knowledge makes service abroad even more important than it is at home. Flexibility is our third working principle. Credit

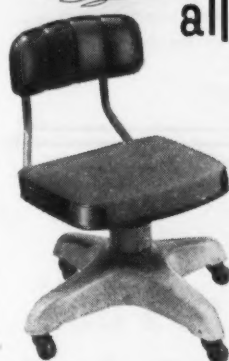
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Rockwell



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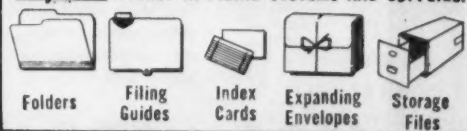
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DIVERSIFICATION: planned vs. non-planned

Why does Rockwell stress long-range planning in its diversification program? This statement made by President Rockwell before an AMA conference recently gives at least part of the answer:

"I'll not deny that some real money has been made by companies that have put together a conglomeration of diverse products. But this has been in the postwar period of tremendous growth in population and markets. It has not been proven sound over a long period of time. I can think of one company that was very successful prewar, then went into a broad diversification program postwar—and kept increasing volume and earnings until 1956. Last year the company made approximately \$10 million on its prewar products, but lost twice that much on the 'diversified' products it had acquired during the past 10 years."

terms, pricing, product design—even organizational structure—must be quickly adaptable to a host of rapidly changing conditions.

Q.: Is it really worth all the extra work required?

Rockwell: We think it is. It's a very worthwhile and growing part of our business. Diversity in marketing is just as healthy, we believe, as diversity in products.

Q.: Can you give an example of

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"We're always finding ways to cut costs."

Maxwell

Rockwell merchandising abroad?

Maxwell: One valuable method we find is participation in international trade fairs, in cooperation with the U. S. Department of Commerce. Our Delta power tools were the only American tools displayed at the big Paris trade fair last spring. In the past year they were also exhibited at fairs in Stockholm, Salonica, Baghdad and Kabul.

Q. How is management kept abreast of all these various marketing problems?

Rockwell: We try not to let our management become insulated by the organization chart from every-

day marketing realities. It is easy for management to be so blinded by its own plans and desires that it loses sight of the most vital factor in the success of any business: the customer and his needs.

Q.: What do you do about it?

Rockwell: For a long time it has been our policy to try to orient our top line and staff men to a sales philosophy. We think this is vital to the success of our company. Managers of our manufacturing di-

"We plan operations for the long pull."

Dixon Sr.



visions make calls, with salesmen, on the men who buy (or are not buying) the products they manufacture. Heads of every department, no matter how far removed from selling, regularly attend sales meetings and are required to interpret for the group their function in terms of serving the customer. m/m

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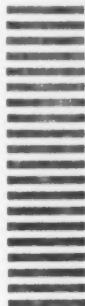
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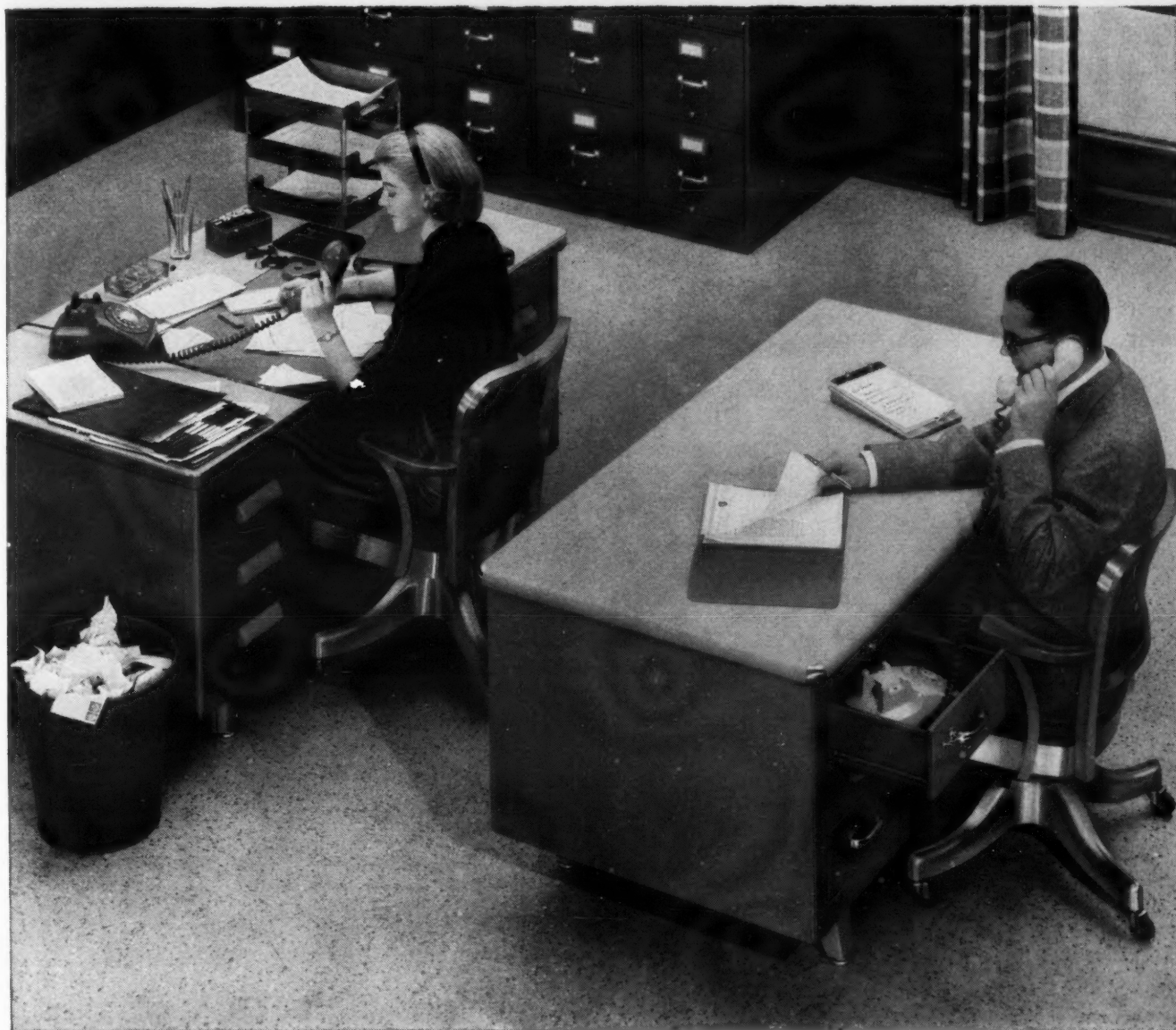
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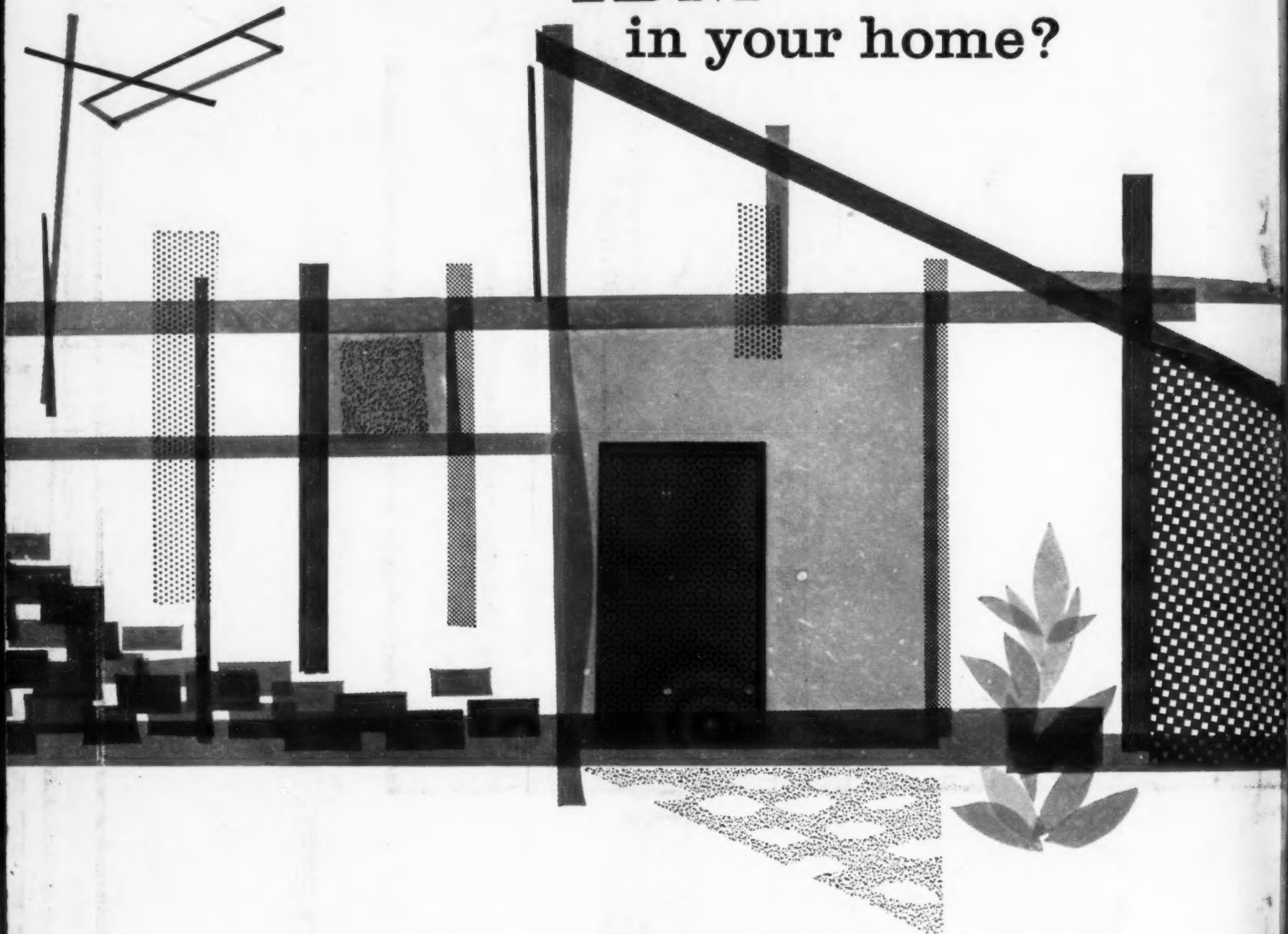


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